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UPC TECHNOLOGY CORPORATION

2022 ANNUAL REPORT

Published on March 31, 2023



Notice to Readers

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

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Letter to Shareholders

Dear shareholders,

I. 2022 business results

The net consolidated revenue in 2022 was NT\$72.82 billion, which was 11% down from the previous year. The net loss after tax was NT\$ 1.236 billion, and the after-tax loss per share was \$0.94.

The 2022 total output of the Group was 2.17 million tonnes, and the total sales volume was 1.81 million tonnes, both of which were slightly lower than the previous year.

Looking back on past events in 2022, there were continuing pandemic control measures and zero-tolerance strategy adopted by China starting the second quarter, which severely affected the start of operations of downstream operators and the war between Russia and Ukraine which caused the surge in prices of food and energy and the deterioration of inflation. The Company suffered operating losses due to rising raw materials and energy prices, reducing production of downstream operators and poor overall demand. However, we were able to maintain stable operations through timely adjustments to the production and marketing strategies, inventory control and creation of core competitive advantages.

II. 2023 business plan and future development strategy

Operational roadmap of the Company:

There are six business units in Taiwan, South China, East China, Southwest China, Northeast China and Malaysia to cover Greater China and Southwestern Asia. The Company expands our footprints to the global markets in South Asia, Northeast Asia, the Middle East, Africa, the Americas and Europe.

Operations strategy of the Company:

- (1) The organizational structure of the Company is profit-centered business unit (BU) and supplemented by nine functional departments to establish the system and integrate group resource. The nine functional departments will support BU to manage relevant operation activities more efficiently and achieve the operation goal.
- (2) With respect to the raw materials supply, the Company continues to expand the cooperation and alliances with the upstream manufacturers in China and all over the world to get the stable supply and price advantage raw materials and strengthen its ability to flexible allocation and adjustment.
- (3) With respect to logistics, trade and energy services, the Company will develop a smart logistics system, and make good use of geographical advantages and channels to reduce operating costs and improve overall revenue at the same time, further becoming a sustainable operating entity.
- (4) In terms of fine and specialty chemicals, the Company will continue to develop and produces benzene-free, odorless and eco-friendly hydrogenated plasticizer and accelerate the development of eco-friendly bio-plasticizers, carbon cycle plasticizers, biodegradable plastics and specialty chemical products.
- (5) The Company cooperates with international companies to develop high-value-added products.
- (6) With respect to occupational safety, fire protection and process safety, the Company, with the aim of zero occupational injuries, uses advanced monitoring and management systems to identify various potential risks, and incorporates the concept of process safety management (PSM).
- (7) With respect to environmental protection, the Company will continue to adopt energy-saving and carbon reduction measures such as process waste heat recovery and steam power generation, and implement circular-economy practices to achieve sustainability goals of zero emissions and carbon neutrality.

- (8) The Company develops “UPC 4.0” based on Industry 4.0 and makes use of tools such as the internet of things, AI and RPA process robot for digital transformation to enhance production competitiveness and management efficiency.
- (9) Continue to carry out talent cultivation and succession, supplemented by taking inventory of talent capacity to gradually improve qualification, in order to meet the Company’s manpower needs for long-term growth.

III. The external competitive environment, regulatory environment and overall business environment impact

Looking forward to 2023, the economic conditions are not looking optimistic due to the impact of inflation, global interest rate hikes and geopolitics. In the face of these environmental changes and global competition, the Company will continue to develop value-added, sustainable and low-carbon green chemicals to reduce various operating costs, and enhance the overall risk control by flexibly adjusting production and marketing strategies and improving product mix and customer service, and will take a prudent and conservative approach in continuing to strengthen corporate governance to cope with future changes in the industry.

The Company wishes all shareholders good health and good luck. Thank you!

Chairman: Miao, Matthew Feng Chiang

President: Ko, Yi-Shaw

Company Profile

I . Founding date : August 14, 1976

II . Milestone

Year	Month	Events
1974		In line with the development of Taiwan petrochemical industry, the founder of the UPC - Mr. Feng-Zhang, Lu invited Lien Hwa Industrial Corporation and other companies to establish the UPC.
1976	8	Union Petrochemical Corp. was established.
1979	11	UPC Linyuan completed plasticizer plant with an annual capacity of 60,000 MT.
1980	1	UPC Linyuan completed PA plant with an annual capacity of 30,000 MT.
	4	The opening ceremony for PA/Plasticizer mass-production of the Linyuan Plant.
1981	11	UPC Linyuan completed the expansion of PA plant, the annual capacity reached 60,000 MT.
1986	3	UPC Linyuan completed the expansion of plasticizer plant, the annual capacity reached 100,000 MT.
1988	1	Invested in MiTAC International Corp.
	2	UPC Linyuan completed the expansion of plasticizer plant, the annual capacity reached 135,000 MT.
	6	Cooperated with Monsanto Company (USA) to establish the MA plant with an annual capacity of 20,000 MT.
1989	3	Union Petrochemical Corp. was publicly listed on the Taiwan Stock Exchange.
	9	Invested in Huiju, Qunzhi Development Investment Company, to merge the WYSE (USA).
	11	UPC Taichung was established and completed plasticizer plant with an annual capacity of 20,000 MT.
1990	4	UPC Linhai completed MA plant with an annual capacity of 20,000 MT.
1991	10	UPC Linyuan completed the expansion of PA plant, the annual capacity reached 90,000 MT.
1992	1	UPC Linyuan completed FA plant with an annual capacity of 4,500 MT.
	3	Union Hong Kong Petrochemicals Co., Ltd. established.
1993	10	Invested in the SYNEX Corporation (USA).
1994	12	The quality of Linyuan Plant products was approved by BSMI ISO-9002.
1995	3	Shanghai Union Chemical Industry Co., Ltd. was established and completed plasticizer plant with an annual capacity of 20,000 MT.
	9	UPC Taichung completed the de-bottleneck of plasticizer plant, the annual capacity reached 30,000 MT.
	10	Union Venture Capital Corp. was established.
1996	9	Cooperating with USI Corporation to establish two holding companies, namely, Union Polymer International Investment Corp. and Taiwan Union International Investment Corp., to acquire the managing shares of Asia Polymer Corporation, Taita Chemical Company, Limited, China General Plastics Corporation, Taiwan VCM Corporation, and China General Terminal & Distribution Corporation which were held by British BTR Group.
	11	UPC Shanghai completed the de-bottleneck of plasticizer plant, the annual capacity reached 30,000 MT.
	12	UPC Linyuan completed the de-bottleneck of PA plant, the annual capacity reached 110,000 MT.
1997	3	Completed the M&A (merger and acquisition) of five companies including Asia Polymer Corporation, Taita Chemical Company, Limited, China General Plastics Corporation, Taiwan VCM Corporation, and China General Terminal & Distribution Corporation.
	3	UPC Taichung completed the expansion of plasticizer plant, the annual capacity reached 60,000 MT.
1997	6	UPC Shanghai completed the expansion of plasticizer plant, the annual capacity reached 60,000 MT.
	8	Union (Zhongshan) Co., Ltd. was established.
	11	Zhongshan Unicers Industrial Co., Ltd. was established.
	12	The Linyuan Plant's Environmental Management System was certified by BSMI ISO-14001.
1998	2	UPC Linhai completed the de-bottleneck of MA plant, the annual capacity reached 27,000 MT.
	7	Ashland Union Electronic Chemical Corp. (AUECC) was established.
1999	2	UPC Zhongshan completed plasticizer plant with an annual capacity of 70,000 MT.
	7	UPC Zhongshan completed the expansion of plasticizer plant, the annual capacity reached 100,000 MT.

Year	Month	Events
2000	1	UPC Shanghai completed the expansion of plasticizer plant, the annual capacity reached 100,000 MT.
	3	UPC Zhongshan completed PA plant with an annual capacity of 45,000 MT. established.
	7	Catac Electronic (ZS) Co., Ltd. was established.
	9	Zhongshan New Union Chemical Co., Ltd. (ZNUC) was established.
2001	2	AUECC completed Ultra-high purity electronic chemical plant with an annual capacity of 20,000 MT.
	3	Union Material Technology Corp. was established.
	6	Union Petrochemical Corp. changed name to UPC Technology Corp.
	8	ZNUC completed unsaturated polyester resin plant with an annual capacity of 20,000 MT.
2002	1	Catac Electronic (ZS) completed PCB plant with monthly capacity of 300,000 ft ² .
	7	UPC merge GUCC which is 100% owned by UPC.
	9	Zhuhai Unicizers Industry Co., Ltd. was established.
	10	Zhenjiang Union Chemical Industry Co., Ltd. was established.
2004	3	UPC Zhuhai completed plasticizer plant with an annual capacity of 40,000MT.
	4	Catac Electronic (ZS) completed the expansion of PCB plant, the monthly capacity reached 600,000 ft ² .
	9	UPC Zhuhai completed the expansion of plasticizer plant, the annual capacity reached 80,000 MT.
2005	1	UPC Zhuhai completed PA plant with an annual capacity of 55,000 MT.
		UPC Zhenjiang completed plasticizer plant with an annual capacity of 80,000 MT.
		Zhongshan Union Trading Co., Ltd. was established.
		Macao Union Trading Co., Ltd. was established.
	9	UPC Zhuhai completed the expansion of plasticizer plant, the annual capacity reached 120,000 MT.
	10	UPC Zhenjiang completed the expansion of plasticizer plant, the annual capacity reached 120,000 MT.
	12	Simplified the investment structure with acquiring 100% equity of Taiwan Union International Investment Corp.
2006	1	UPC Zhenjiang completed PA plant with an annual capacity of 55,000 MT.
	4	UPC Zhenjiang completed the expansion of PA plant, the annual capacity reached 115,000 MT.
	4	UPC Zhenjiang completed FA plant with an annual capacity of 5,000 MT.
	4	UPC Zhenjiang completed the expansion of plasticizer plant, the annual capacity reached 180,000 MT.
	9	UPC Zhenjiang completed the expansion of plasticizer plant, the annual capacity reached 260,000 MT.
	10	UPC Zhenjiang completed UPR and Polyol plant with total annual capacity of 37,000 MT.
	10	Zhongshan Union Chain Fine Chemical Co., Ltd. was established.
	11	UPC Linyuan completed UPR and Polyol plant with total annual capacity of 14,000 MT.
	11	UPC Zhongshan completed the expansion of plasticizer plant, the annual capacity reached 115,000 MT.
	12	UPC Linyuan completed the expansion of plasticizer plant, the annual capacity reached 155,000 MT.
2007	2	UPC Zhuhai completed the expansion of plasticizer plant, the annual capacity reached 230,000 MT.
	7	UPC Zhuhai completed the expansion of PA plant, the annual capacity reached 103,500 MT.
	9	Taizhou Union Chemical Industry Co., Ltd. was established.
2008	4	Taizhou Union Logistics Co., Ltd. was established.
	4	UPC Zhenjiang completed the expansion of plasticizer plant, the annual capacity reached 320,000 MT.
	10	Taizhou Union Plastics Industry Co., Ltd. was established.
	12	UPC Zhuhai completed FA plant with an annual capacity of 6,000 MT.
2009	3	UPC Zhuhai completed logisitcs tankyard with total storage volume of 40,900 M ³ .
	3	UPC Zhenjiang completed the expansion of plasticizer plant, the annual capacity reached 435,000 MT.
	5	UPC merge Union Material Technology Corporation which is 100% owned by UPC.
	5	UPC Zhuhai completed UPR and Polyol plant with total annual capacity of 65,000 MT.
	10	UPC Linyuan completed Epoxy Resin plant with an annual capacity of 7,000 MT.
	12	UPC Zhenjiang completed Epoxy Resin plant with an annual capacity of 29,000 MT.
2010	1	Completed private placement of common shares 150,000,000 shares.
	2	UPC Taizhou completed plasticizer plant with an annual capacity of 120,000 MT.
	7	UPC Zhuhai completed Epoxy Resin plant with an annual capacity of 17,000 MT.

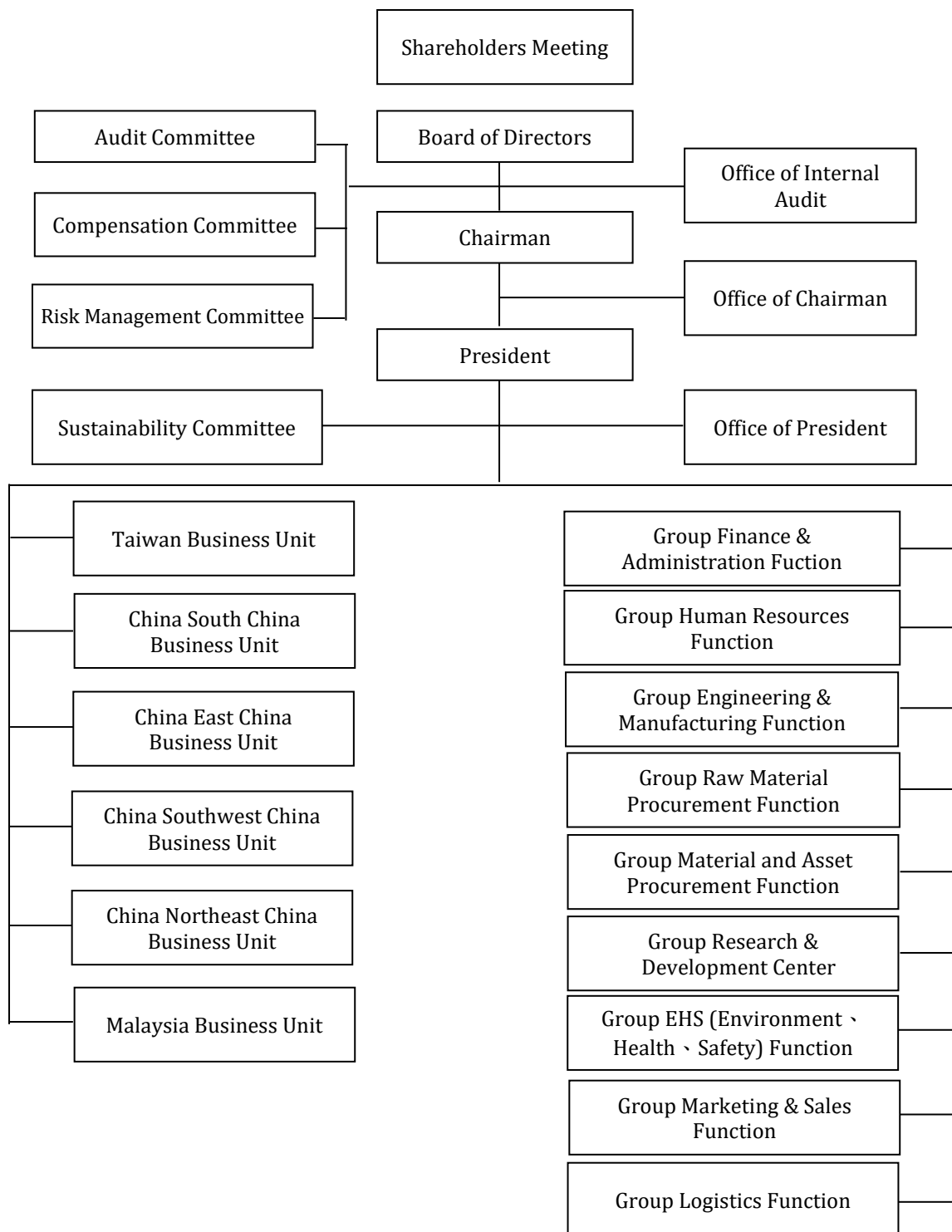
Year	Month	Events
2010	8	UPC Taizhou completed PA plant with an annual capacity of 70,000 MT.
2011	2	UPC Taizhou completed the expansion of plasticizer plant, the annual capacity reached 260,000 MT.
	2	UPC Zhuhai completed the expansion of plasticizer plant, the annual capacity reached 345,000 MT.
	3	UPC Taizhou completed the expansion of PA plant, the annual capacity reached 140,000 MT.
	3	UPC Taizhou completed FA plant with an annual capacity of 6,000 MT.
	3	Jiangsu Union Logistics Co., Ltd. was established.
	4	Guangdong Union Logistics Co., Ltd. was established.
	10	UPC Taizhou completed PVC plant with an annual capacity of 300,000 MT.
	11	Taizhou Union Plastic Products Co., Ltd. was established.
2012	3	Panjin Union Chemical Industrial Co., Ltd. was established.
	6	Panjin Union Logistics Co., Ltd. was established.
	9	UPC Taizhou completed logisitcs tankyard with total storage volume of 80,500 M ³ .
	10	Zhenjiang Momentive Union Specialty Chemicals Co., Ltd. was established.
2013	2	Established UPC Research and Development Center and approved by Ministry of Economic Affairs.
	3	UPC Zhuhai completed MA plant with an annual capacity of 30,000 MT.
	6	Panjin Union Materials Industry Co., Ltd. was established.
	7	Nanchong Unicizers Industrial Co., Ltd. was established.
	9	UPC Taizhou completed the expansion of PVC plant, the annual capacity reached 450,000 MT.
	10	UPC Chemicals (Malaysia) Sdn. Bhd. was established.
2014	9	UPC Zhuhai completed LPG tank construction.
	10	Sichuan Union Logistics Co., Ltd. was established.
2015	9	The bio-succinic acid based plasticizer product received 「2015 Taiwan Chemical Technology Industry Product Innovation Award」.
	11	Publication of the first corporate social responsibility (CSR) report.
2016	9	Acquired 40,000 MT/y PA plant and 100,000 MT/y plasticizer plant, located in Gebeng Petrochemical Park in Malaysia, from BASF Petronas Chemicals Sdn. Bhd. (BPC).
	10	UPC Nanchong completed plasticizer plant with an annual capacity of 120,000 MT.
2017	3	UPC Panjin completed DOP plasticizer plant with an annual capacity of 240,000 MT.
	5	UPC Nanchong completed PA plant with an annual capacity of 60,000 MT. Representative Office of UPC Chemicals (Malaysia) Sdn. Bhd. in Ho Chi Minh City was established.
	6	UPC Zhuhai completed ESO Bio-plasticizer plant with an annual capacity of 12,000 MT.
	7	UPC Panjin completed UniHydro®UN899 (DINCH) plasticizer plant with an annual capacity of 40,000 MT.
	8	Representative Office of UPC Chemicals (Malaysia) Sdn. Bhd. in Bangkok was established.
	9	UPC Panjin completed PA plant with an annual capacity of 70,000 MT. UPC Malaysia completed logistics tank yard.
2018	3	UPC Malaysia completed plasticizer No. 2 plant with an annual capacity of 120,000 MT.
	5	UPC Panjin completed MA plant with an annual capacity of 40,000 MT.
	10	UPC Panjin Plant completed the expansion of UniHydro®UN899 (DINCH) plasticizer production line, total capacity is 80,000 MT/year.
	12	UPC Zhenjiang Plant completed the new-build construction of Epoxidized Soybean Oil, total capacity is 15,000 MT/year.
2019	5	UPCM Trading (Thailand) Co. Ltd. was established. UPC Taizhou completed UniHydro®UN899 (DINCH) plasticizer plant with an annual capacity of 80,000 MT.
	7	UPCM Trading (Vietnam) Co. Ltd. was established. UPC Taizhou completed the expansion of PVC production line, the annual capacity reaches 600,000 MT.
	8	UPC Taiwan completed UniHydro®UN899 (DINCH) plasticizer plant with an annual capacity of 80,000 MT.
	11	UPC Zhuhai completed plasticizer plant with an annual capacity of 120,000 MT.
2020	3	In order to consolidate and expand the market share whilst developing new markets, UPC and its subsidiary Union Hong Kong Petrochemicals Co., Ltd. signed a long-term supply contract for raw materials with ExxonMobil Chemical Asia Pacific.
2021	12	UPC Panjin completed DOTP plasticizer plant with an annual capacity of 60,000 MT.
	12	Panjin Union Logistics 50K DWT terminal has commenced operation, total berth throughput 2 million t/a.

Year	Month	Events
2022	4	UPC Taizhou Logistics completed the first phase of the storage tanks expansion project, with a volume of 32,500M ³ .
	5	UPC Linyuan completed the DINP 30,000 MT/year expansion of plasticizer plant, total plasticizer capacity is 135,000 MT/year.
	8	UPC Panjin completed the DOTP 60,000 MT/year expansion of plasticizer plant, total plasticizer capacity is 580,000 MT/year.
	9	UPC Zhuhai completed the DOTP 60,000 MT/year expansion of plasticizer plant, total plasticizer capacity is 750,000 MT/year.
	9	We signed the Net Zero Emission Declaration with the members of the Taiwan Chemical Industry Association (TCIA), and we are working together to move towards the goal of net zero emission in 2050.

Corporate Governance Report

I . Organization System

(I) Organization chart



(II) Department Key Functions

Main Deartment	Principal business operation
Office of Internal Audit	◆ Establish internal control system and its amendment. ◆ Perform internal audit, identify needs for corrective actions and follow up improvement to ensure the company's compliance with the applicable laws and internal policies and procedures. ◆ Planning and implementation of project audit, and follow-up on deficiencies and recommended improvements. ◆ Conduct audit, identify needs for corrective actions and follow up improvement for subsidiaries of the Company to ensure compliance with applicable laws well as interal policies and procedures. ◆ Assist and supervise the subsidiary in establishing and implementing its internal control system. ◆ Supervise the subsidiary to perform an intenal audit complying with interal control system. ◆ Submit annual report to FSC. ◆ Attend the audit reporting sessions of the audit committee and the board. ◆ Review the company's deligation of authorization, management policies, and procedures.
Group Finance & Administration Function	◆ Plan, dispatch and manage the Group's working capital. ◆ Establish and implement the Group's accounting policies and system. ◆ Maintain bookkeeping of all daily transactions on accounting system and prepare financial statements. Make an analysis on the results of business operations and the taxation planning. ◆ Make long-term and short-term investment analysis and evaluation. Manage investment projects. ◆ Acquire, dispose and manage the fixed assets. ◆ Establish, supervise, and implement the Group's property and product insurance policies. ◆ Be responsible for stock affairs and monitor the services provided by the agent for stock affairs. ◆ Draw up and review contracts, agreements and relevant legal documents. ◆ Administer and organize the Board meeting, auditing committee meeting and the shareholders meeting. ◆ Administer registration and maintenance of the company patens and intellectual property. ◆ Be responsible for application approval and recordation of foreign investment from MOEAIC, alteration of the company registered items, and providing legal opinion on action, condition and intent to the investment project. ◆ Be responsible for maintaining a well-functioning computer facility. Develope and upgrade ERP and various computerized systems, and plan and construct the networking infrustructure and information security systems.
Group Human Resources Function	◆ Design and develop the Group's human resources policies and systems. ◆ Plan and implement the group talent management strategy. ◆ Be responsible for recruitment, selection, staffing, training & development, compensation & benefit, performance management, employee relations, etc. ◆ Administer and organize the meeting of the Compensation Committee of the BOD. ◆ Maintain labor relations and boost employee engagement. ◆ Shape the company culture.
Group Engineering & Manufacturing Function	◆ Make a study on fesibility analysis and investment planning to investment projects. ◆ Plan, design, administer, execute and monitor a new plant construction work. ◆ Commissioning, technical manpower support, and training. ◆ Assessment, planning, design and supervision for project proposal (including additional improvement projects). ◆ Control and inspect the quality, cost and progress of the engineering improvement projects. ◆ Improve efficiency on process technology and energy utilization. ◆ Integrate, improve, enhance and share engineering or process technologies.

Main Department	Principal business operation
	◆ While applying a new technology, make sure it works in production with steps from analysis, introduction, application, improvement to innovation. ◆ Monitor and coordinate manufacturing operations across different plants. ◆ Supervise and implement functions of cost accounting, information technology, quality assurance, public relations, general administration, procurement, and outsourcing in the plant. ◆ Execute new product pilot production. Plan and implement mass production schedule and customer service. ◆ Coordinate and control the balance of inventory level of raw materials among production, sales and storage. ◆ Support plant construction and commissioning, and train technical people. ◆ Assist in trial production and mass production of new products.
Group Raw Material Procurement Function	◆ Formulate annual raw materials procurement strategy ◆ The sourcing, negotiation, price comparison, and procurement of bulk raw material ◆ Coordinate manufacturing, sales and procurement and supply and allocation of raw materials ◆ Maintain relationships and negotiate annual contracts with bulk raw materials suppliers. ◆ Handling transportation, inventory management, payment and disputes of bulk raw materials. ◆ Collection, statistics, analysis and forecast of manufacture, sales and inventory and raw materials price and market information. ◆ Export of products and import of bulk raw materials.
Group Material and Asset Procurement Function	◆ Develop the group's procurement policies of the engineering, materials and assets. ◆ Implement procurement SOPs, control purchase procedures and flows, and conduct due diligence on supplier's site. ◆ Provide professional training to the Group's buyers, and integrate each BU MAP's resources. ◆ Negotiate and sign the Group's procurement framework agreement. ◆ Request for quotation (RFQ), price negotiation, and consolidate price comparison for new plant construction or engineering projects. ◆ Collect, survey, summarize and analyze the market current price and information for engineering and materials and assets.
Group Research & Development Center	◆ Integrate all of research resources and activities in each BU and set strategic directions for overseas subsidiaries. ◆ Build up R&D talent development platform laying the foundation for sustainable business development. ◆ Enhance core products value, develop high-value-added products and high performance materials and special chemicals for the downstream and associated industries of petrochemicals. ◆ Develop high-value, technology autonomy products by means of collaboration between industry and school or strategic alliance with international technology companies. ◆ Establish and protect the company's intellectual property. Furthermore, seek cooperation opportunities with the third parties. ◆ Research and develop associated products applied in special chemicals and fine chemicals. ◆ Plan and develop strategies for new business development, marketing, and technology support. ◆ Integrate and support new product research and development and marketing in each BU. ◆ Assist in developing manufacturing process and applied technology for core products.
Group EHS (Environment 、 Health 、 Safety) Function	◆ Plan and develop short, middle, and long term EHS strategies. Set goals for EHS management plan, and conduct safety audit on each department. ◆ Establish monitor mechanism for occupational disaster and environmental protection. ◆ Guide and monitor the group's environmental safety policies and practices which are carried out effectively in BU's operations and compliance with the applied regulations.

Main Deartment	Principal business operation
	◆ Perform Hazop assessment and draw up emergency response plan and crisis management mechanism. ◆ Evaluate accidental events, propose corrective actions, and follow up the execution plan to prevent from recurring. ◆ Plan and coach the group's EHS activities such as 6S, RSQAS and OHSAS18000.
Group Marketing & Sales Function	◆ Establishment and enforcement of group sales policy and system. ◆ Target planning and sales locations planning for domestic and overseas sales of products, review of sales progress, and education and training of sales personnel. ◆ Development, market survey and marketing of the new products ◆ Collection, statistics and analysis of market information, and produce reports on market trend analysis. ◆ Contract signing, communication, and quotation for multinational corporate customers. ◆ Understand status of production, sales and inventory, and formulate sales strategies of various products to maximize the Group's profits from sales. ◆ Plan for product allocation between affiliated companies to optimize the Group's capacity utilization.
Group Logistics Function	◆ Establish and implement the group logistics policy and management system. ◆ Control logistics cost, quality and efficiency. ◆ Reinforce the sales ability of the core business through logistics. ◆ Improve logistics service provision for external customers. ◆ Promote logistics ESG

II . Information of Directors, President, Vice Presidents, Assistant Presidents, and Managers of Each Department and Branch

(I) Directors

March 31, 2023

Unit: Share, %

Title	Nationality/ Place of Registration	Name	Gender/ Age	Dates Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Concurrent duties in the Company and in other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 2)
							share	%	share	%	share	%	share	%			Title	Name	Relation	
Chairman	Republic of China	Lien Hwa Industrial Holdings Corp.	-	July 21, 2021	3 years	April 25, 1976	424,880,973	31.89	424,880,973	32.32	-	-	-	-	-	-	-	-	-	
	US	Rep. : Miao, Matthew Feng Chiang	Male / 71~80	July 21, 2021	-	April 25, 1976	-	-	4,919,004	0.36	-	-	-	-	Honorary Ph.D., National Chiao Tung University MBA, Santa Clara University BSEE, University of California, Berkeley Laureate of Industrial Technology Research Institute (ITRI) President, UPC Technology Corp. President, Linde Lienhwa Industrial Gases Co., Ltd. Chairman, SYNnex Corporation Independent Director, Galileo International, Inc. Independent Director, The BOC Group Plc. Independent Director, Linde AG Delegate, APEC Business Advisory Council (ABAC) Convener, Civil Advisory Committee of National Information & Communications Initiatives (NICI)	Chairman, UPC Technology Corp. Chairman, Lien Hwa Industrial Holdings Corp. Chairman, Synnex Technology International Corp. Chairman, MiTAC Holdings Corp. Chairman, MiTAC Incorporated Director, Getac Technology Corp. Independent Director, Cathay Financial Holding Co. Ltd. Director, TD SYNnex Corporation Director, CTCI Foundation Chairman, Chinese National Federation of Industries (CNFI)	Director	Miao, Feng-Sheng	Brothers	
Director	Republic of China	Lien Hwa Industrial Holdings Corp.	-	July 21, 2021	3 years	April 25, 1976	424,880,973	31.89	424,880,973	31.32	-	-	-	-	-	-	-	-	-	
	Republic of China	Rep. : Chen, Chun	Male / 71~80	July 21, 2021	-	October 25, 2013	-	-	-	-	-	-	-	-	Master of Law, National Taiwan University Vice President and President of the Executive Yuan, Taiwan, R.O.C. Chairman, Financial Supervisory Commission Chairman, Taiwan Stock Exchange; Chairman, Taiwan Cooperative Bank	Chair Professor at School of Law and School of Business, Soochow University. Director, Lien Hwa Industrial Holdings Corp. Independent Director USI Corp. Chairman, The Appacus Foundation. Chairman, The Vision Project Foundation.	-	-	-	

Title	Nationality/ Place of Registration	Name	Gender/Age	Dates Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Concurrent duties in the Company and in other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 2)
							share	%	share	%	share	%	share	%			Title	Name	Relation	
Director	Republic of China	Lien Hwa Industrial Holdings Corp.	-	July 21, 2021	3 years	April 25, 1976	424,880,973	31.89	424,880,973	31.32	-	-	-	-	-	-	-	-	-	
	Republic of China	Rep. : Jiang, Hui Jong	Male / 61~70	July 21, 2021	-	June 14, 2019	-	-	25,358	0.00	-	-	-	-	Master degree and P.h.D, Northwestern University Chemical Engineering, National Tsing Hua University General Manager, Thintec Materials Corp. Independent Director, Hannstar Display Corp. Supervisor, Epistar Corp. Supervisor, Asia Polymer Corp. Supervisor, Synnex Technology International Corp.	Special Assistance of Chairman, Mitac-SYNNEX Group. Independent Director, ProLight Opto Technology Corp. Independent Director, Tyntek Corp. Remuneration Committee member, Hannstar Display Corp.	-	-	-	
Director	Republic of China	Lien Hwa Industrial Holdings Corp.	-	July 21, 2021	3 years	April 25, 1976	424,880,973	31.89	424,880,973	31.32	-	-	-	-	-	-	-	-	-	
	Republic of China	Rep. : Lin, Hsin Hung	Male / 61~70	July 21, 2021	-	June 14, 2019	-	-	-	-	-	-	-	-	Business Administration, National Taiwan University Manager of Finance Department, UPC Technology Corporation. Special Assistant to Chairman of MiTAC-SYNNEX Group Assistant VP of HR & Administration Department, Oriental Union Chemical Corporation	President, Lien Hwa Industrial Holdings Corp. Director, UPC Technology Corporation Director, BOC Lienhwa Industrial Gases Co., Ltd.	-	-	-	

Title	Nationality/ Place of Registration	Name	Gender/ Age	Dates Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Concurrent duties in the Company and in other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 2)
							share	%	share	%	share	%	share	%			Title	Name	Relation	
Director	Republic of China	Ko, Yi-Shaw	Male / 71 ~80	July 21, 2021	3 years	June 9, 2000	2,478,728	0.19	2,428,728	0.18	-	-	-	-	Bachelor of Chemical Engineering, Chung Yuan Christian University Union Nylon Corp. China Phosphate Co., Ltd. Taiwan Synthetic Rubber Corp.	President: UPC Technology Corp. Chairman: Wei Chen Investment Co., Taiwan Union Int'l Investment Corp. Zhenjiang Union Chemical Industry Co., Ltd. Zhongshan Unicizers Industrial Co., Ltd. Zhuhai Unicizers Industrial Co., Ltd. Taizhou Union Chemical Industry Co., Ltd. Taizhou Union Logistics Co., Ltd. Taizhou Union Plastics Industry Co., Ltd. Jiangsu Union Logistics Co. Ltd. Guangdong Union Logistics Co., Ltd. Panjin Union Chemical Industrial Co., Ltd. Panjin Union Logistics Co., Ltd. Panjin Union Materials Industry Co., Ltd. Panjin Union Plastics Industry Co., Ltd. Nanchong Unicizers Industrial Co., Ltd. Sichung Union Logistics Co., Ltd. Executive Director: Zhenjiang Union Torch Estate Co., Ltd. Director: Union Venture Capital Corp. Harbinger VII Venture Capital Corp. LienHwa United LPG Co., Ltd. Taita Chemical Company, Ltd Asia Polymer Corp. China General Terminal & Distribution Corp. UPC Chemicals (Malaysia) SDN. BHD. UPCM Trading (Thailand) Co., Ltd. UPCM Trading (Vietnam) Co., Ltd.	-	-	-	
Director	Republic of China	Hsueh, Chang-Wei	Male / 61 ~70	July 21, 2021	3 years	June 9, 2006	4,853,520	0.36	4,853,520	0.36	-	-	-	-	MBA, Cornell University Master of Engineering, University of California, Irvine	Chairman, Huanwarp Enterprise Co., Ltd. Vice Chairman, China Real Estate Management Co. Director, Dah Chung Bills Finance Corp.	-	-	-	

Title	Nationality/ Place of Registration	Name	Gender/ Age	Dates Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Concurrent duties in the Company and in other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 2)
							share	%	share	%	share	%	share	%			Title	Name	Relation	
Director	Republic of China	Miao, Feng-Sheng	Male / 71~80	July 21, 2021	3 years	May 17, 1991	991,241	0.07	991,241	0.07	-	-	-	-	Master of Science Electrical Engineering, Santa Clara University. General Manager, MiTAC (USA) Inc. Chairman, BOC Lien Hwa Industrial Gases Co., Ltd. HanTech Venture Capital Corporation	Vice Chairman, Lien Hwa Industrial Holdings Corp. Director, MiTAC Inc. Director, MiMAC Information Technology Corp. Director, Great Wall Enterprise Co., Ltd. Honorary Chairman, Linde Lienhwa Industrial Gases Co., Ltd. Director, Lienhwa Lox Cryogenic Equipment Corp. Director, Confederate Technology Co., Ltd. Director, Far Eastern Industrial Gases Co., Ltd. Director, Hua Cheng Investment Co., Ltd. Director, United Industrial Gases Co., Ltd. Supervisor, Harbinger VII Venture Capital Corp.	Chairman	Miao, Matthew Feng Chiang	Brothers	
Independent Director	Republic of China	Wang, Paul P.	Male / 71~80	July 21, 2021	3 years	June 5, 2012	-	-	-	-	-	-	-	-	PhD in Physics, Carnegie Mellon University. Senior Manager and consultant, IBM USA Consultant, MIC Director, Sercomm Corp. Chairman, Pacific Venture Partners Co. Ltd.	Director, Sercomm Corp. Director, Taiwan Cement Corp. Director, Prosperity Dielectrics Co., Ltd. Chairman, K.T. Lai Foundation for Development of Science and Technology.	-	-	-	
Independent Director	Republic of China	Pan, Wenent P.	Male / 71~80	July 21, 2021	3 years	June 5, 2012	-	-	-	-	-	-	-	-	Master degree and P.h.D in Department of Chemical Engineering, University of Wyoming Chairman, CPC Chairman, Kuo Kuang Power Co. Ltd. Chairman, Gintech Corp.	Chairman, CTCI Foundation Independent director, China Petrochemical Development Corp. Director, CTCI Corp. Independent director, U-Ming Marine Transporhairmant Corp. Chairman, Taiwan Institute of Chemical Engineers(TwIChE)	-	-	-	

Title	Nationality/ Place of Registration	Name	Gender/ Age	Dates Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Concurrent duties in the Company and in other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 2)
							share	%	share	%	share	%	share	%			Title	Name	Relation	
Independent Director	Republic of China	Hwang, Jung-Chiou	Male /71~80	July 21, 2021	3 years	June 8, 2018	-	-	-	-	-	-	-	-	Ph. D., Computer Science of National Chiao Tung University Chairman, Taiwan Power Company Administrative Deputy Minister, Ministry of Economic Affairs, R.O.C (MOEA) Executive Director and Vice-Chairman of the State-run Association of the Ministry of Economic Affairs (MOEA) Director General, Department of Industrial Technology, MOEA	Independent director, Century Wind Power Co., Ltd. Independent director, Waffer Technology Corp. Independent director, Acbel Polytech Inc. Chairman, Taiwan Electric Power Association. Director, SunYunSuan Culture and Education Foundation Director, Sanlian Science and Technology Education Foundation	-	-	-	

Note 1: Please refer to Table 1 below for information on the main shareholders of institutional shareholders.

Note 2: Where the chairman and general manger or equivalent position (highest level executive manager) is the same person, the spouse or a first-degree relative, the reason, reasonable, necessity and response measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive managers) must be disclosed: Not applicable.

Table 1 : Major shareholders of the Institutional Shareholders

March 31, 2023

Name of Institutional Shareholders	Main Shareholders	Shareholding Percentage (%)
Lien Hwa Industrial Holdings Corp. (Note 2)	UPC Technology Corp.	9.68
	Yi Yuan Investment Co., Ltd.	9.14
	Yi Feng Investment Co., Ltd.	4.86
	Jason Chow	3.32
	Miao, Matthew Feng Chiang	3.19
	Miao, Feng-Chuan	3.02
	Yu Shiu Educational Foundation	3.00
	Miao, Feng-Sheng	2.98
	Lien Hwa Industrial Holdings Corp. Employee Welfare Committee	2.82
	MiTAC International Corp.	2.79

Note1: If the major shareholders is an institutional entity, its major shareholders please refer to Table 2.

Note2: The information is refer to the stock transfer closing date on April 25, 2022.

Table2: Major Shareholders of the Company's Major Institutional Shareholders

March 31, 2023

Name of Institutional Shareholders	Main Shareholders	Shareholding Percentage (%)
UPC Technology Corp.	Lien Hwa Industrial Holdings Corp.	31.32
	Synnex Technology International Corp.	5.09
	Yi Yuan Investment Co., Ltd.	1.59
	Liberty Stationery Corp.	1.52
	Mei An Investment Co., Ltd.	1.46
	Tsu Fung Investment Corp.	1.29
	MiTAC International Corp.	1.19
	Pornchai Engineering and Trading Corp.	1.10
	Tong Da Investment Corp.	1.07
	Investment account of Norges Bank managed by Citibank Taiwan	0.99
Yih Yuan Investment Corp.	Overcome Holdings Limited (British Virgin Islands)	100.00
Yi Feng Investment Corp.	Rich Cycle Limited (British Virgin Islands)	100.00
Yu Shiu Educational Foundation (Note)	MiTAC International Corp.	10.00
	Getac Holdings Corp.	10.00
	Synnex Technology International Corp.	20.00
	Lien Hwa Industrial Holdings Corp.	20.00
	UPC Technology Corp.	20.00
	Mix System Holdings Ltd.	20.00
Lien Hwa Industrial Holdings Corp. Employee Welfare Committee	Not applicable	—
MiTAC International Corp.	MiTAC Holdings Corp.	100.00

Note: The shareholding ratio is the donation ratio.

Director Information

I. Disclosure of professional qualifications of directors and independence of independent directors:

Criteria Name	Professional qualifications and experience	Independence (Note 1)	Concurrently serving as an independent director in other publicly listed companies (Note 2)
Lien Hwa Industrial Holdings Corporation Representative: Miau, Matthew Feng Chiang	Has more than 5 years of work experience in the area of commerce, law, finance or accounting or otherwise necessary for the business of the Company. Specialized in IT channel strategic planning, global production, enterprise operations, joint ventures and strategic alliance, venture capital and other fields of management capabilities.	Status of independence: (6), (8), (9), (11) Status of non-independence: (1) Managers of the Company and affiliates. (2) Chairman and directors of the Company and affiliates. (3) Top ten natural person shareholders. (4) The abovementioned managers: a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the above persons listed in Sub-paragraph (2) and (3) or of the managers listed in (1). (5) Chairman of the corporate shareholder (Lien Hwa Industrial Holdings Corporation and Synnex Technology International) which directly holds 5% or more of the total number of issued shares or ranked among the top five shareholders of the Company or as a representative and employee of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) appointed in accordance with Paragraph 2, Article 27 of the Company Act. (7) A director or employee of another company (Lien Hwa Industrial Holdings Corporation, Synnex Technology International and MiTAC), who is also the chairman, president or an equivalent position or a spouse of these personnel of the Company. (10) A relative within the second degree of kinship of Director Miao, Feng-Sheng (12) Elected as a legal person representative in accordance with Article 27 of the Company Act.	1

Criteria Name	Professional qualifications and experience	Independence (Note 1)	Concurrently serving as an independent director in other publicly listed companies (Note 2)
Lien Hwa Industrial Holdings Corporation Representative: Chen, Chun	Has more than 5 years of work experience in the area of law, commerce, finance or banking or knowledge and skills in the area of risk management. Specializes in financial supervision and management, financial laws and regulations, venture capital and management of the industry, government and academe collaboration.	Status of independence: (1), (3), (4), (6) and (11) Status of non-independence: (2) Directors of the Company. (5) Director of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) which directly holds 5% or more of the total number of issued shares or ranked among the top five shareholders of the Company and as a director of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) appointed in accordance with Paragraph 2, Article 27 of the Company Act. (12) Elected as a legal person representative in accordance with Article 27 of the Company Act.	1
Lien Hwa Industrial Holdings Corporation Representative: Jiang, Hui Jong	More than 5 years of work experience and knowledge in the area of petrochemical and information technology industries. Specializes in chemical engineering and business management skills.	Status of independence: (3) to (11) Status of non-independence: (1) Employee of the company. (2) Director of the company. (12) Elected as a legal person representative in accordance with Article 27 of the Company Act.	2
Lien Hwa Industrial Holdings Corporation Representative: Lin, Hsin Hung	Has more than 5 years of work experience in the area of commerce, finance or accounting or otherwise necessary for the business of the Company. Specialize in enterprise operation, venture capital, financial accounting and other fields of management capabilities.	Status of independence: (1), (3), (4), (6) and (11) Status of non-independence: (2) Director of the company. (5) Director of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) which directly holds 5% or more of the total number of issued shares or ranked among the top five shareholders of the Company and as a director of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) appointed in accordance with Paragraph 2, Article 27 of the Company Act. (12) Elected as a legal person representative in accordance with Article 27 of the Company Act.	0

Criteria Name	Professional qualifications and experience	Independence (Note 1)	Concurrently serving as an independent director in other publicly listed companies (Note 2)
Ko, Yi-Shaw	Work experience in petrochemical and commercial businesses, decision-making capabilities in operations and rich industry knowledge. Has more than 5 years of work experience in the area of petrochemical industry, commerce, finance or accounting, or otherwise necessary for the business of the Company. Specializes in global production, enterprise operation, strategic alliance and other fields of management capabilities.	Status of independence: (4) to (12) Status of non-independence: (1) Managers of the Company and affiliates. (2) Chairman and directors of the Company's affiliates. (3) Top ten natural person shareholders.	0
Miao, Feng-Sheng	Has more than 5 years of work experience in the area of commerce, finance or accounting or otherwise necessary for the business of the Company. Specializes in the channel strategic planning, joint venture, strategic alliance, venture capital and other management capabilities in the electronic industry.	Status of independence: (1), (3), (6), (7), (8), (9), (11), (12) Status of non-independence: (2) Directors of the Company. (4) A spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship of any of the above persons listed in Sub-paragraph (2). (5) Director of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) which directly holds 5% or more of the total number of issued shares or ranked among the top five shareholders of the Company and as a director of the corporate shareholder (Lien Hwa Industrial Holdings Corporation) appointed in accordance with Paragraph 2, Article 27 of the Company Act. (10) A relative within the second degree of kinship of Director Miao, Matthew Feng Chiang.	0

Criteria Name	Professional qualifications and experience	Independence (Note 1)	Concurrently serving as an independent director in other publicly listed companies (Note 2)
Hsueh, Chang-Wei	Has more than 5 years of work experience in the area of commerce, finance or accounting or otherwise necessary for the business of the Company. Specialize in enterprise operation, venture capital and other fields of management capabilities.	Status of independence: (1), (4) to (12) Status of non-independence: (2) Directors of the Company. (3) Top ten natural person shareholders.	0
Wang, Paul P.	Has more than 5 years of work experience in the area of information, commerce, finance or accounting or otherwise necessary for the business of the Company. Specializes in venture capital strategic planning, enterprise operation, joint venture, strategic alliance and other fields of management capabilities.	Status of independence: (1) to (12) Status of non-independence: None.	0
Pan, Wenent P.	Has more than 5 years of work experience in the area of petrochemical industry, power or engineering or otherwise necessary for the business of the Company. Specializes in energy enterprise operation, joint venture, strategic alliance and other fields of management capabilities.	Status of independence: (1) to (12) Status of non-independence: None.	2
Hwang, Jung-Chiou	Have more than 5 years of work experience in the area of information, power and finance or otherwise necessary for the business of the Company. Leadership in industry, government and academic collaboration, and enterprise operation, venture capital and other fields of management capabilities.	Status of independence: (1) to (12) Status of non-independence: None.	3

Note1: Please tick the corresponding boxes that apply to the directors during the two years prior to being elected or during the term of office.

(1) Not an employee of the company or any of its affiliates.

- (2) Not a director or supervisor of the company or any of its affiliates. (This restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager under (1) or any of the persons in (2) or (3).
- (5) Not a director, supervisor or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (this restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) Not a director or supervisor of the company or any of its affiliates. (This restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a chairman, general manager or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (This restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Not a director, supervisor, manager or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (this restriction does not apply if specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company and independent directors appointed in accordance with this Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship of other directors.
- (11) Not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.
- (12) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

Note 2. Calculation in accordance with Article 4 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

II. Board Diversity and Independence:

(I) Diversity of the Board:

The Paragraph 3, Article 20 of the Company's Corporate Governance Best Practice Principles has defined that the composition of the board should be diverse. In addition to limiting those who hold concurrent positions to no more than one-third of the total board seats, the diversity policy should be formulated based on the Company's operations, business activities and growth, and should include, but is not limited to, the standard of the following two aspects:

1. Background and value: Gender, age, nationality, culture etc. At least one-third of the number of directors should be female.
2. Knowledge and skills: Career background (e.g., law, accounting, industry, finance, marketing or technology), professional skill and industry experience.

In addition to the abovementioned ideal goal of the ratio of female directors, Paragraph 4, Article 20 of the Corporate Governance Best Practice Principles specifies the knowledge, skills, and characters needed for directors to perform their duties. In order to achieve the goals of corporate governance, the board as a whole should have the following capabilities: Ability to make operational judgments, Accounting and financial analysis, Business administration, Crisis management, Industry Knowledge, Vision of the global market, Leadership skills and Decision making ability.

Directors such as Miao, Matthew Feng Chiang, Miao, Feng-Sheng, Hsueh, Chang-Wei specialize in leadership, decision-making in operation, business management and risk management; independent director Pan, Wenent P. and directors Ko, Yi-Shaw and Jiang, Hui Jong have professional background in chemical engineering and provide strategic recommendations for the Company's business and factory construction; director Lin, Hsin Hung has professional experience in accounting and financial analysis; and independent director Wang, Paul P. has rich experience in venture capital and international market development. Director Chen, Chun and independent director Hwang, Jung-Chiou have years of experience in the industry, government and academic collaboration and offer great assistance to the Company's business operations. The achievement of the company's diversification policy objectives as follows:

1. At least one-third of all directors have experience in the petrochemical industry and expertise in information technology: Achieved.
2. At least one-third of the independent directors have petrochemical industry experience, information technology or accounting expertise: Achieved.
3. Less than one-third of the directors are employees: Achieved.

There are 10 members of the board, and the implementation is as follows:

Position	Name	Basic component						Industry experience and professional competence											
		Gender	Nationality	Con-current Position as Employee of the Company	Age		Service term of independent directors		Industry experience				International market view	Leadership	Decision-making capacity	Operational Judgment	Financial accounting skills	Management ability	Crisis management ability
					Over 65 years old	Under 65 years old	2-5 years	Over 5 years	Petrochemical	Information	Law	Electricity							
Chairman	Miao, Matthew Feng Chiang	Male	US	V	V					V	V		V	V	V	V	V	V	V
Director	Chen, Chun	Male	Republic of China		V					V		V	V	V	V	V	V	V	V
Director	Jiang, Hui Jong	Male	Republic of China	V	V					V	V			V	V	V	V	V	V
Director	Lin, Hsin Hung	Male	Republic of China			V					V			V	V	V	V	V	V
Director	Ko, Yi-Shaw	Male	Republic of China	V	V					V				V	V	V	V	V	V
Director	Hsueh, Chang-Wei	Male	Republic of China			V							V	V	V	V	V	V	V
Director	Miao, Feng-Sheng	Male	Republic of China		V						V		V	V	V	V	V	V	V
Independent Director	Wang, Paul P.	Male	Republic of China		V			V			V			V	V	V	V	V	V
Independent Director	Pan, Wenent P.	Male	Republic of China		V			V		V			V		V	V	V	V	V
Independent Director	Hwang, Jung-Chiou	Male	Republic of China		V		V				V		V		V	V	V	V	V

(II) Independence of the Board:

The Company's board guides the Company's strategy and supervises the management, and is responsible to the Company and shareholders. In terms of the operations and arrangements of the corporate governance system, the board exercises its powers in accordance with the laws and regulations, the Articles of Incorporation or the resolutions of the shareholders' meetings. The board of the Company emphasizes the functioning of independent operations and transparency. Directors and independent directors are independent individuals and exercise their powers independently. The 3 independent directors also abide by the relevant laws and regulations and combined with the functions and powers of the audit committee review the control of the Company's existing or potential risks to supervise the effective implementation of the Company's internal control, the selection (dismissal) of independence of certified accountants and the adequate preparation of financial statements.

In addition, the selection and appointment of directors and independent director adopt the cumulative voting method and the candidate nomination approach according to the "Procedures for Election of Directors", and shareholders are encouraged to participate in the voting. Shareholders who have a certain number of shares may propose their list of candidates. The review of candidates' qualifications and whether or not they have violated the clauses listed in Article 30 of the Company Act are subject to the laws and regulations in order to protect the rights and interests of shareholders and maintain their independence.

The Company has a total of 10 directors and among them, 3 are independent directors, accounting for 30% of the board seats. Except for 2 of the directors (Chairman Miao, Matthew Feng Chiang and Director Miao, Feng-Sheng), who are relatives within the second degree of kinship to each other, there is no marital relationship nor a relative within the second degree of kinship to any other directors of the Company. Therefore, there is no violation of the provisions of Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Information of Presidents, Vice Presidents, Assistant Vice Presidents, and Managers of Each Department and Division

March 31, 2023

Unit: share, %

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Republic of China	Ko, Yi-Shaw	Male	July 1, 2003	2,428,728	0.18	-	-	-	-	Bachelor of Chemical Engineering, Chung Yuan Christian University Union Nylon Corp. China Phosphate Co., Ltd. Taiwan Synthetic Rubber Corp.	President: UPC Technology Corp. Chairman: Wei Chen Investment Co., Taiwan Union Int'l Investment Corp. Zhenjiang Union Chemical Industry Co., Ltd. Zhongshan Unicizers Industrial Co., Ltd. Zhuhai Unicizers Industrial Co., Ltd. Taizhou Union Chemical Industry Co., Ltd. Taizhou Union Logistics Co., Ltd. Taizhou Union Plastics Industry Co., Ltd. Jiangsu Union Logistics Co. Ltd. Guangdong Union Logistics Co., Ltd. Panjin Union Chemical Industrial Co., Ltd. Panjin Union Logistics Co., Ltd. Panjin Union Materials Industry Co., Ltd. Panjin Union Plastics Industry Co., Ltd. Nanchong Unicizers Industrial Co., Ltd. Sichung Union Logistics Co., Ltd. Executive Director: Zhenjiang Union Torch Estate Co., Ltd. Director: Union Venture Capital Corp. Harbinger VII Venture Capital Corp. LienHwa United LPG Co., Ltd. Taita Chemical Company, Ltd Asia Polymer Corp. China General Terminal & Distribution Corp. UPC Chemicals (Malaysia) SDN. BHD. UPCM Trading (Thailand) Co., Ltd. UPCM Trading (Vietnam) Co., Ltd.	-	-	-	
Executive Vice President	Republic of China	Bih, Ann (Note 2)	Female	Jan. 18, 2023	322,000	0.02	-	-	-	-	Master, Chemistry Department of National Tsing Hua University Vice President, CPC Corporation Taiwan	None	-	-	-	

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	Republic of China	Wu, Cheng-Chien Simon	Male	Feb, 1, 2012	2,135,342	0.16	-	-	-	-	The University of Dallas, MBA Controller, Acer affiliated Co. Executive Finance Vice President, Best Power Technology Co. Chairman, Wei Chen Investment Co.	None	-	-	-	
Chief Strategy Officer	US	Miau, Matthew Feng Chiang	Male	May 7, 2020	4,919,004	0.36	-	-	-	-	Honorary Ph.D., National Chiao Tung University MBA, Santa Clara University BSEE, University of California, Berkeley Laureate of Industrial Technology Research Institute (ITRI) President, UPC Technology Corp. President, Linde Lienhwa Industrial Gases Co., Ltd. Chairman, SYNEX Corporation Independent Director, Galileo International, Inc. Independent Director, The BOC Group Plc. Independent Director, Linde AG Delegate, APEC Business Advisory Council (ABAC) Convener, Civil Advisory Committee of National Information & Communications Initiatives (NICI)	Chairman, UPC Technology Corp. Chairman, Lien Hwa Industrial Holdings Corp. Chairman, Synnex Technology International Corp. Chairman, MiTAC Holdings Corp. Chairman, MiTAC Incorporated Director, Getac Technology Corp. Independent Director, Cathay Financial Holding Co. Ltd. Director, TD SYNEX Corporation Director, CTCI Foundation Chairman, Chinese National Federation of Industries (CNFI)	-	-	-	
Plant Manager	Republic of China	Fang, Hung-Ching	Male	July 1, 2021	120,337	0.01	238	0.00	-	-	National Cheng Kung University	None	-	-	-	

Note 1 : Where the general manager or equivalent position (highest level managerial) and chairman is the same person, or the spouse or a first-degree relative, the reason, rationale, necessity, and response measures (such as increasing the number of independent director seats and there should be more than half of the directors who are not concurrently employees or managers) : Not applicable.

Note 2 : Promoted to Executive Vice President on Jan. 18, 2023, and the same content would be omitted later of this annual report.

III. Remuneration of Directors, President, and Vice Presidents

(I) Remuneration of Directors and Independent Directors

Unit: NT\$ thousands, %

Title	Name	Remuneration of Director								Total of A, B, C and D in proportion to Earnings after taxation (Note 3)		Remuneration from holding employee positions								Total of A, B, C, D, E, F and G in proportion to earnings after taxation		Compensation received from invested companies other than subsidiaries or the parent company (Note 4)	
		Compensation (A)		Retirement Pension (B)		Directors Remuneration (C) (Note 2)		Business expenses (D)				Salaries, bonus, and Allowances (E)		Pension (F) (Note 1)		Employee Compensation (G) (Note 2)							
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The company	All companies in the consolidated financial statements		
Director	Lien Hwa Industrial Holdings Corp.	300	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chairman	Lien Hwa Industrial Holdings Corp. Rep.: Miao, Matthew Feng Chiang	300	300	-	-	-	-	144	144	-	-	6,402	6,402	92	92	-	-	-	-	-	-	-	-
Director	Lien Hwa Industrial Holdings Corp. Rep.: Chen, Chun	650	650	-	-	-	-	92	92	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director	Lien Hwa Industrial Holdings Corp. Rep.: Jiang, Hui Jong	300	300	-	-	-	-	96	96	-	-	4,281	4,281	108	108	-	-	-	-	-	-	-	
Director	Lien Hwa Industrial Holdings Corp. Rep.: Lin, Hsin Hung	-	-	-	-	-	-	96	96	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director	Ko, Yi-Shaw	300	300	-	-	-	-	96	96	-	-	6,052	6,911	87	87	-	-	-	-	-	-	-	
Director	Miao, Feng-Sheng	300	300	-	-	-	-	92	92	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director	Hsueh, Chang-Wei	300	300	-	-	-	-	96	96	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	Pan, Wenent P.	1,050	1,050	-	-	-	-	96	96	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	Wang, Paul P.	1,050	1,050	-	-	-	-	96	96	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	Hwang, Jung-Chiou	1,050	1,050	-	-	-	-	92	92	-	-	-	-	-	-	-	-	-	-	-	-	-	

1. Please explain the remuneration policy for independent directors and its criteria of payment in terms of responsibilities, risks taking and time involvement:
- (1) Pursuant to Article 28 of the Company's article of incorporation and the relevant laws and regulations, if the Company has earnings after offsetting the prior years' accumulated losses, if any, the Company should allocate no less than 1% of the earnings as employees' compensation and no more than 1% of the earnings as directors' compensation which should be reviewed by the Compensation Committee in consideration of the director's contribution against business results, and then resolved by the board of directors.
 - (2) In accordance with Article 18 of the Company's Articles of Incorporation, the Company shall pay directors' remuneration based on their participation in the operations and contribution to the Company and the remuneration is reported to the salary and remuneration committee for deliberation before payment.
 - (3) Directors' performance and the rationality of the overall rewards shall be reviewed regularly in connection with the Company's current status and the relevant laws and regulations. The remuneration scheme is reviewed by the compensation committee and resolved by Board of Directors.
2. Except disclosure on the above, the remuneration received by the directors in the most recent fiscal year for providing services to all of the companies in the financial report (Such as parent company, All companies in the consolidated financial statements and invested companies, etc. serving as a Consultants who are not employees): None.

Note 1: There is no retirement pension payment during the fiscal year, it is appropriated to the pension fund by monthly basis.

Note 2: There was no remuneration distribution of directors' and employee in 2022.

Note 3: There is no after-tax net profit in 2022.

Note 4: The invested entity means the entity which the Company uses equity method to invest.

(II) Remuneration of Supervisors: Not applicable

(III) Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		Retirement Pension (B) (Note 1)		Bonus and Allowances (C) (Note 2)		Employee Compensation (D) (Note 3)				Total of A, B, C, and D in proportion to earnings after taxation (%) (Note 4)		Compensation received from invested companies other than subsidiaries or the parent company (Note 5)
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Ko, Yi-Shaw	16,182	16,821	353	353	6,228	6,450	-	-	-	-	-	-	
Executive Vice President	Bih, Ann													
Vice President	Wu, Cheng-Chien Simon													
Chief Strategy Officer	Miau, Matthew Feng Chiang													

Note 1: There is no retirement pension payment during the fiscal year, it is appropriated to the pension fund by monthly basis.

Note 2: The relevant compensation to drivers is NT\$ 1,154,000.

Note 3: There was no remuneration distribution of employee in 2022.

Note 4: There is no after-tax net profit in 2022.

Note 5: The invested entity means the entity which the Company uses equity method to invest.

Remuneration Range

Remuneration Range for paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The company	All companies in the consolidated financial statements
Under NT\$1,000,000		
NT\$ 1,000,000 (Inclusive) ~ NT\$ 2,000,000 (Exclusive)		
NT\$ 2,000,000 (Inclusive) ~ NT\$ 3,500,000 (Exclusive)		
NT\$ 3,500,000 (Inclusive) ~ NT\$ 5,000,000 (Exclusive)	Wu, Cheng-Chien Simon	Wu, Cheng-Chien Simon
NT\$ 5,000,000 (Inclusive) ~ NT\$ 10,000,000 (Exclusive)	Ko, Yi-Shaw/ Bih, Ann /Miau, Matthew Feng Chiang	Ko, Yi-Shaw/ Bih, Ann /Miau, Matthew Feng Chiang
NT\$ 10,000,000 (Inclusive) ~ NT\$ 15,000,000 (Exclusive)		
NT\$ 15,000,000 (Inclusive) ~ NT\$ 30,000,000 (Exclusive)		
NT\$ 30,000,000 (Inclusive) ~ NT\$ 50,000,000 (Exclusive)		
NT\$ 50,000,000 (Inclusive) ~ NT\$ 100,000,000 (Exclusive)		
Over NT\$ 100,000,000		
Total	4	4

(IV) Managerial officers with the top five highest remuneration

Title	Name	Salary(A)		Retirement Pension (B) (Note 1)		Bonus and Allowances (C) (Note 2)		Employee Compensation (D) (Note 3)				Total of A, B, C, and D in proportion to earnings after taxation (%) (Note 4)		Compensation received from invested companies other than subsidiaries or the parent company (Note 5)
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Ko, Yi-Shaw	4,379	5,018	87	87	1,672	1,894	-	-	-	-	-	-	-
Executive Vice President	Bih, Ann	3,875	3,875	108	108	1,477	1,477	-	-	-	-	-	-	-
Vice President	Wu, Cheng-Chien Simon	3,314	3,314	66	66	1,291	1,291	-	-	-	-	-	-	-
Chief Strategy Officer	Miau, Matthew Feng Chiang	4,614	4,614	92	92	1,788	1,788	-	-	-	-	-	-	-
Plant Manager	Fang, Hung-Ching	2,165	2,165	151	151	703	703	-	-	-	-	-	-	-

Note 1: There is no retirement pension payment during the fiscal year, it is appropriated to the pension fund by monthly basis.

Note 2: The relevant compensation to drivers is NT\$ 1,154,000.

Note 3: There was no remuneration distribution of employee in 2022.

Note 4: There is no after-tax net profit in 2022.

Note 5: The invested entity means the entity which the Company uses equity method to invest.

(V) Names of managers entitled to Employee Compensation and amount entitled

December 31, 2022

	Title	Name	Employee Compensation - in Stock	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Ko, Yi-Shaw	0	0	0	0
	Executive Vice President	Bih, Ann				
	Vice president	Wu, Cheng-Chien Simon				
	Chief Strategy Officer	Miau, Matthew Feng Chiang				
	Plant Manager	Fang, Hung-Ching				

(VI) Compare and analyze the total compensation as a percentage of the net income stated in the parent company's financial reports or individual financial reports, paid by this company and by all consolidated entities (including this company) for the most recent 2 fiscal years to each of this company's directors, president and vice presidents, and describe the policies, standards and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure.

Identity \ Year	Ratio of total remuneration to the net income in 2021 (%)		Ratio of total remuneration to the net income in 2022(%) (Note)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Director	1.61%	1.65%	-	-
President and Vice President	1.35%	1.40%	-	-

Note: There is no after-tax net profit in 2022.

The remuneration policies, standards and packages, the procedures for determining remuneration and their relationship to the Company's operating performance

1. Directors:
 - (1) Pursuant to Article 28 of the Company's article of incorporation and the relevant laws and regulations, if the Company has earnings after offsetting the prior years' accumulated losses, if any, the Company should allocate no less than 1% of the earnings as employees' compensation and no more than 1% of the earnings as directors' compensation which should be reviewed by the Compensation Committee in consideration of the director's contribution against business results, and then resolved by the board of directors.
 - (2) In accordance with Article 18 of the Company's Articles of Incorporation, the Company shall pay directors' remuneration based on their participation in the operations and contribution to the Company and the remuneration is reported to the salary and remuneration committee for deliberation before payment.
 - (3) Directors' performance and the rationality of the overall rewards shall be reviewed regularly in connection with the Company's current status and the relevant laws and regulations. The remuneration scheme is reviewed by the compensation committee and resolved by Board of Directors.
2. Managers:
 - (1) The company abides by the "Compensation Policy for Directors and Managerial Officers," "Compensation Management Policy for Managerial Officers" to determine the manager's salary, bonuses and incentives.
 - (2) The bonuses paid to the managers is based on their performance results in two major fields: (a) Financial goals: Revenue and margin rate; (b) Individual performance goals: Achievement of KPIs and management competence demonstrated on practicing the company's core values and sustainable development goals. The company adopts "Pay by performance policy" to link the manager's performance results to their compensation and rewards.

IV. Implementation of Corporate Governance

(I) Board of Directors

The Board of Directors convened 6 (A) meetings in 2022. The attendance of director were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Lien Hwa Industrial Holdings Corp. Rep. : Miao, Matthew Feng Chiang	6	0	100.0	
Director	Lien Hwa Industrial Holdings Corp. Rep.: Chen, Chun	5	1	83.3	
Director	Lien Hwa Industrial Holdings Corp. Rep. : Jiang, Hui Jong	6	0	100.0	
Director	Lien Hwa Industrial Holdings Corp. Rep. : Lin, Hsin Hung	6	0	100.0	
Director	Ko, Yi-Shaw	6	0	100.0	
Director	Hsueh, Chang-Wei	6	0	100.0	
Director	Miao, Feng-Sheng	5	1	83.3	
Independent Director	Wang, Paul P.	6	0	100.0	
Independent Director	Pan, Wenent P	6	0	100.0	
Independent Director	Hwang, Jung-Chiou	5	1	83.3	

Any other matters that require reporting:

- I. In any one of following circumstances occurred in the meeting of board of directors, the date, term, content of the item, opinion of all independent directors and the Company's response to independent directors' opinion should be recorded.

(I) The items listed in Article 14-3 of Securities and Exchange Law:

Board of directors	Content of the Item	Opinions of all independent directors	The Company's response to independent directors' opinion
The 5 th meeting of 16 th board of directors on March 8, 2022	It is resolved to amend provisions of the Regulations Governing the Acquisition and Disposal of Assets.	No objection.	None.
The 6 th meeting of 16 th board of directors on May 5, 2022	Resolved to approve the issuance of domestically secured corporate bonds.	No objection.	None.
The 8 th meeting of 16 th board of directors on Aug. 3, 2022	Resolved to amend provisions of the Company's "Internal Control Protocols".	No objection.	None.

(II) Except above, others resolutions of board of directors with recordation or written attestation that independent director objected to or expressed reservations: None.

- II. As for the implementation of the recusal of director due to conflict of interest, it should record the name of directors, the content of the item, the reason of recusal of director due to conflict of interest and the resolution result.

The date of Board of directors	Name of recusing director	Content of the Item	The reason of recusal due to conflict of interest	Resolution results
The 4 th meeting of 16 th board of directors on Jan. 18, 2022	Miau, Matthew Feng Chiang 、Ko, Yi-Shaw	Discussion the 2021 managerial officer's Year-end bonuses proposal.	With managerial personnel status.	Passed by the rest of the attendant directors
The 8 th meeting of 16 th board of directors on Aug. 3, 2022	Miau, Matthew Feng Chiang 、Ko, Yi-Shaw	Discussion of 2022 increase managerial officer's remuneration proposal.	With managerial personnel status.	Passed by the rest of the attendant directors

III. The state of implementation of the board of directors' evaluation

Evaluation cycles	Evaluation periods	Scope of evaluation	Method of evaluation	Content of evaluation
Conduct once an year	From January 1, 2022 to December 31, 2022	Board of directors	The Scope of Company's board self-evaluation	1. Participation in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control
		Each member in board of directors	Self-evaluation of board members.	1. Alignment of the goals and missions of the Company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
		Functional committee (Audit Committee, Compensation Committee and Risk Management committee)	Peer Self-Assessment	1. Participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control

IV. The goal of improving the performance of board of directors in this year and latest fiscal year (including the establishment of audit committee and improvement of the information transparency, etc.) and the analysis of implementation.

1. The Company holds the board of directors' meeting in compliance with rules of procedure for meetings of its board of directors and purchased director's liability insurance for all directors and reported it in the meeting of board of directors dated November 8, 2022 disclosed in MOPS.

2. At the 4th meeting of the 16th term of the board held on January 18, 2022, the board resolution approved the establishment of the Risk Management Committee, which will hold at least two meetings a year to assist the board in formulating risk management policies, control of procedures and supervision of implementation effectiveness.
3. The functional committee of the Company, compensation committee, audit committee and risk management committee, are composed of all independent directors and operate in accordance with the organizational rules of each committee. For the responsibilities and operation of each committee, please refer to page 32~36 and page 46~48 of this annual report.
4. The Company has prescribed Evaluation of the Board of Directors and board of directors will conduct at least one performance evaluation to each member and functional committee. Relevant information please refer to Company's website.
5. To achieve in-time disclosure and transparency, the Company regularly and occasionally make disclosure to the investment public in MOPS or Company's website.

(II) Audit Committee

The Audit Committee convened 4 (A) meetings in 2022. The attendance of independent director were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent Director	Wang, Paul P.	4	0	100	
Independent Director	Pan, Wenent P	4	0	100	
Independent Director	Hwang, Jung-Chiou	4	0	100	

Any other matters that require reporting

- I. In any one of following circumstances occurred in operation of audit committee, should be record the term, content, independent directors's objection, qualified opinions and significant recommendations, the Audit Committee's resolutions and the Company's handling of their comments , the resolution of audit committee and the Company's response to such resolution.

(I) The items listed in Article 14-5 of Securities and Exchange Law

The Audit Committee Meeting	Content of the Item	Any objection, expression of reservations or significant recommendations by independent directors	The resolution of audit committee	The Company's response to resolution of audit committee
The 3rd meeting of the third term on March 8, 2022	1. Resolved to pass the 2021 financial statements. 2. The resolution passed the issuance of Statement of the Internal Control system of 2021. 3. Resolved to approve the evaluation of the independence of CPAs. 4. Resolved to amend provisions of the Regulations Governing the Acquisition and Disposal of Assets of the Company.	None	The resolution is passed by all attendants	The resolution is passed by all attending directors.
The 4th meeting of the third term on May 5, 2022	1. Resolved to pass the 2022 Q1 financial statements. 2. Resolved to approve the issuance of domestic secured corporate bonds.	None	The resolution is passed by all attendants	The resolution is passed by all attending directors.

The Audit Committee Meeting	Content of the Item	Any objection, expression of reservations or significant recommendations by independent directors	The resolution of audit committee	The Company's response to resolution of audit committee
The 5th meeting of the third term on August 3, 2022	1. Resolved to pass the 2022 Q2 financial statements. 2. Resolved to amend the Internal Control Protocols.	None	The resolution is passed by all attendants	The resolution is passed by all attending directors.
The 6th meeting of the third term on November 8, 2022	1. Resolved to pass the 2022 Q3 financial statements. 2. Resolved to pass the 2022 internal audit plan. 3. Resolved to approve the adjustment of the Company's investment structure.	None	The resolution is passed by all attendants	The resolution is passed by all attending directors.

(II) Except above, others resolutions has not be passed by audit committee but passed by two-thirds of directors: None.

II. A As for the item that independent director has conflict of interest, the name of independent director with conflict of interest, content of the item, the reason of recusal due to conflict of interest and the voting participation situation: None

III. The communication between independent directors and chief internal auditor and the CPA (the communication about the significant matters, method and result related to corporate financial and business should be included).

(I) Descriptions of the Communication Between Independent Directors and Chief Internal Auditor and CPA

1. Convene a separate meeting between the chief internal auditor and the accountant at least once a year, to discuss the completed internal audit items and accountant's external audit opinions. Communicate based on the annual audit deficiencies. The communication opinions are recorded and submitted to the board of directors' report.
2. The chief internal auditor attends the company's regular meeting of audit committee and the board of directors and reports the audit operation to the independent directors, and communicates the results of the audit report and the implementation of the follow-up report with independent directors. In addition, an audit report submitted to independent directors in the month following the completion of the audit project.
3. The independent directors and CPA should regularly convene at least twice a year. The CPA reported the Company financial position, the financial and overall operation of the subsidiaries at home and abroad, and the audit result of internal control to the independent directors. The CPA should be fully communicate whether there were any major adjustment entries or whether the amendments affect the accounting situation.
4. If there is any major abnormality, or independent directors, chief internal auditor, or accountants consider the independent communication is necessary, may convent a meeting to communicate at any time.

(II) The communication summary between the Independent Directors and the Internal Auditors and CPA

Meeting Date	The important item of communication with Chief Internal Auditor	The important item of communication with CPA
March 8, 2022 (Separate Meeting)	● Report the important audit items and audit deficiencies tracking items in 2021. ● Report annual plan of 2022.	● The CPA and attendees discussed and communicated the internal audits found deficiencies and improvement measures for the current year.
	The implementation result: All attendant independent directors had no objection opinion.	
March 8, 2022	● 2021 audited report ● 2022 audit plan	● CPAs reported on 2021 audit results and key audit matters.

Meeting Date	The important item of communication with Chief Internal Auditor	The important item of communication with CPA
(Audit Committee)	● The consolidated audit report from January to February 2022. ● The 2021 audit report on self-assessment operation. ● A special inspection report on the important spare parts safety stock in each BU of Mainland China.	● Note disclosure from the financial report of the accident loss of Linyuan Factory in January 2021. ● Addition important subsidiaries_Zhuhai Unicizers report ● After financial assessment, Deferred income tax assets (DTA) will be realized. ● The CPA and attendees discussed and communicated the proposed items.
The implementation result: All attendant independent directors had no objection opinion.		
May 5, 2022 (Audit Committee)	● The consolidated audit report from March to April 2022. ● Audit report of Environmental protection (hazardous waste, non-hazardous waste, etc.) outsourcer qualifications and expertise and delivery self-pickup operation	● The CPA and attendees discussed and communicated the proposed items.
The implementation result: All attendant independent directors had no objection opinion.		
August 3, 2022 (Audit Committee)	● The consolidated audit report from May to July 2022. ● Special inspection report on equipment its scrapped and still in use of each BU ● Special audit report on the Engineering project n Eastern China, and Panjin Plant. ● Audit report of equipment maintenance in Eastern China, Southern China and Panjin Plant.	● The CPA and attendees discussed and communicated the proposed items.
The implementation result: All attendant independent directors had no objection opinion.		
November 8, 2022 (Audit Committee)	● The consolidated audit report from August to October 2022. ● The special inspection report on process the contract signing and original archiving materials audit. ● Reports on the implementation of routine online audit in Eastern China, Southern China and Panjin Plant. ● The 2023 internal audit plan	● CPA discussed with the company on the basis of 2022 key audit matters and the current situations of Deferred income tax assets (DTA). ● Report on assess the indicator of assets impairment. ● Report the impact of CFC its begins in 2023. ● The CPA and attendees discussed and communicated the proposed items.
The implementation result: All attendant independent directors had no objection opinion.		

IV. Annual work focus and state of operation

1. The audit committee of the Company is composed of all independent directors and operates in accordance with the organizational rules of the committee. The committee holds at least one meeting per quarter, and a total of 4 meetings were held in 2022. The main responsibility of the audit committee is to assist the board of directors to prescribe or amend the company's internal control and important operation procedures, matters involving the director's conflict of interests, substantial asset transactions or fund lending, or endorsement guaranty, the offering, issuance, or private placement of any equity-type securities, the appointment or compensation of an attesting certified public accountant, the appointment and dismissal of a financial, accounting, or internal auditing officer and the annual and semi-annual financial reports. The above matters should be passed by one half of members in audit committees and be submitted to board of directors for resolved.
2. Reviewed and approved the independence and suitability of CPAs. Please refer to page 39 of this annual report.

3. The 2021 annual financial statements and the Q1, Q2 and Q3 financial statements of 2022 have been passed by the audit committee, reviewed and audited by Deloitte, and issued an audit report. Relevant content has been disclosed in MOPS.

(III) Profiles of Risk Management Committee members and the information on the operation of the committee

1. Qualifications and responsibilities of the members of the committee members.
The Risk Management Committee is composed of all independent directors and operates according to its own organizational charter. The duties of the committee members are as follows:
 - (1) Establish appropriate measuring methods for the reference of risk management according to the policy of risk management.
 - (2) Review and audit the applicability and performance of the policy, procedures, structure of risk management.
 - (3) Formulate the priority and risk level of risk control.
 - (4) Review report and status of the risk management, and regularly report the implementation status and improvement suggestions to the board of directors.
 - (5) Other issues of Risk management.
2. Professional qualifications and experience of the committee members and the information on the operation of the committee:
 - (1) The Company's Risk Management Committee has 3 members.
 - (2) Term of office for this session: January 18, 2022 to July 20, 2024. The Committee has held 2 meetings in the most recent fiscal year, and the qualifications and attendance of the members and the discussion items are shown as follows:

Title	Name	Professional qualifications and experience	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	Hwang, Jung-Chiou	Please refer to the directors' information on page 20 of this annual report.	2	0	100	
Member	Wang, Paul P.		2	0	100	
Member	Pan, Wenent P		2	0	100	

3. Other matters to be recorded:
State the meeting date, session, and content of the main motions of the Risk Management Committee, the content of the recommendations or objections of the committee members, the results of resolutions, and the Company's handling of the opinions of the Committee.

Committee meeting date	Content of Motions	Recommendations or objections from the committee members	Results of the committee resolution	The Company's response to the committee's opinions
1st meeting of the 1st term 2022/05/05	Compile and report risk items	None	Unanimous vote of approval by all committee members in presence.	The risk management business report was approved by the board of directors
2nd meeting of the 1st term 2022/11/08	1. Compile implementation status of risk control and correct and report risk items 2. Amend provisions of the Risk Management Policies and Procedures	None	Unanimous vote of approval by all committee members in presence.	1. The risk management business report was approved by the board of directors 2. Unanimous vote of approval by all committee members in presence.

4. Annual work focus and state of operation

- (1) The Risk Management Committee was established by the resolution of the 4th meeting of the 16th session of the board held on January 18, 2022. The Risk Management Committee is composed of all independent directors and operates according to its own organizational charter, and it holds at least two meetings a year. 2 meetings were held in 2022. The Risk Management Committee is to assist the board in formulating risk management policies, control procedures and supervision of implementation effectiveness.
- (2) Control the risk items and levels in four major aspects, operating performance, environment, society and governance, listed by the risk management team, which regularly compiles the status of control and dynamically reviews risk assessment results and countermeasures.
- (3) Completed audit of high-risk projects in 2022 and reported the implementation status to the Risk Management Committee and the board.

(IV) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation item	The state of implementation situation			Any discrepancies of such implementation from the Corporate Governance Best-Practice for TWSE/TPEX Listed Companies, and the reason for such discrepancy.
	Yes	No	Summary and explanation	
I. Does the Company prescribe rule of corporate governance in accordance with Corporate Governance Best-Practice Principles for the TWSE/TPEX listed companies and disclose it?	V		The Company's "Rule of Corporate Governance" has been passed by board of directors and disclosed in the Company's website and MOPS.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
II. The shareholding structure and shareholder's equity (I) Whether the Company has prescribed internal procedures to deal with shareholder's suggestions, doubts, disputes and litigation matters, and implemented them according to procedures	V		The Company has established spokesperson and acting spokesperson positions to handle shareholders' suggestions, concerns, and disputes.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(II) Does the Company possess a list of the actual control major shareholders and the major shareholders' ultimate controllers?	V		The Company has the lists of actually control major shareholders and its ultimate controllers. Meanwhile, the Company declare shareholding of directors and major shareholders each month in accordance with the Securities and Exchange Law.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(III) Does the Company establish and implement the risk management and firewall mechanisms between affiliates?	V		The Company has established relevant mechanism in our internal control system in according to relevant laws and implemented it. To reduce business risk, the Company prescribed relevant operation rules and enforced required control mechanism in compliance with relevant regulations of the competent authorities. The transaction between the Company and its affiliates is based on principal of fairness and reasonableness and the management authority and responsibility of finance, business, accounting department, etc in subsidiaries is very clear.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(IV) Does the Company prescribe internal rules to prohibit company insiders using undisclosed information from trading securities in the market?	V		The Company has prescribed Ethical Corporate Management Best Practice Principles, Procedures for Handling Material inside Information and Article 10 of the Corporate Governance Best Practice Principles, which regulate insiders during the stock lock-up period before the announcement of the financial report, and disclosed in Company website.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
III. The Composition and authority and	V			

Evaluation item	The state of implementation situation			Any discrepancies of such implementation from the Corporate Governance Best-Practice for TWSE/TPEX Listed Companies, and the reason for such discrepancy.
	Yes	No	Summary and explanation	
responsibility of board of directors (I) Does the board established a diversification policy and specific management objectives for the composition of the board and have they been implemented accordingly?			The board resolution on November 5, 2020 passed the amendment to the "Corporate Governance Best Practice Principles". Article 20 has policies on diversity. The "Articles of Incorporation stipulates that the election of directors adopts the candidate nomination approach. In addition to evaluating the education and work experience qualifications of candidates, the Company complies with the "Corporate Governance Best Practice Principles" and the "Procedures for Election of Directors" to ensure the diversity and independence of directors. The details are disclosed in the Company's website. The Company has 10 directors (including 3 independent directors), and 30% of directors take a concurrent position as an employee, and 30% of independent director take a concurrent position as an employee. The directors have rich experience and expertise in the fields of accounting and financial analysis, operational decision making, laws, petrochemical, information technology, commerce, electricity and others, and can supervise the board from various aspects and provide professional opinions. More than 50% of the directors have industry background in petrochemical, information and business, and they can help the Company improve the operating performance and management efficiency. Please refer to Page 21 Board Diversity and Independence.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(II) Except the establishment of compensation committee and audit committee, does the Company voluntarily establish other functional committee?	V		The Company established an audit committee and a remuneration committee in accordance with the law, and the board resolution has approved the establishment of a risk management committee composed of all independent directors on January 18, 2022. Besides, the Company establishes Sustainability Committee, its composed by the management and periodically reports the enforcement result to the board of directors.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(III) Whether the Company prescribe the "Evaluation of the Board of Directors" and its evaluation method, regular conduct evaluation each year and submit the evaluation result to board of directors and	V		The Company has passed to amend "Evaluation of the Board of Directors" on board of directors dated on November 5, 2020. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Internal and external board	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

Evaluation item	The state of implementation situation			Any discrepancies of such implementation from the Corporate Governance Best-Practice for TWSE/TPEX Listed Companies, and the reason for such discrepancy.
	Yes	No	Summary and explanation	
use it as reference to decide remuneration and successive nomination of each director?			performance evaluations shall be completed before the end of the first quarter of the following year. The 2022 performance appraisal results of the board, audit committee, compensation committee and risk management committee have been submitted to the board meeting on March 6, 2023 and relevant evaluation result has disclosed in the "Company Governance" in the Company's website.	
(IV) Does the Company evaluate the independence of the attesting CPA regularly?	V		The Audit Committee evaluates the independence and suitability of CPA every year. In addition to requiring the CPA to provide their independence statement and audit quality indicators report, the assessment is conducted based on the audit quality indicators (AQI) announced by the Financial Supervisory Commission, Article 47 of the CPA and the No. 10 Bulletin of the Code of Professional Ethics for Accountants. It has been confirmed that the CPA have no other financial interests, business relationships, decision-making or money lending with the Company or affiliates except for certification and financial and taxation-related fees, and that the CPA's family members do not violate the independence requirements. The CPA and the accounting firm have auditing experience and training hours better than the industry average and maintain sufficient manpower and time committed to the auditing works. In the last three years, digital audit tools will also be incorporated into the works to improve audit quality. After the assessment results of the latest year were discussed and approved by the Audit Committee on March 6, 2023, it was submitted to the board of directors for approval of the independence and suitability of accountants on the same day.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
IV. Whether the TWSE/TPEX listed companies place qualified corporate governance persons in an appropriate number and appoint one chief corporate governance officer to responsible for corporate governance matters (including but not limited to provide information needed by directors and supervisors to execute their business, assist directors and supervisors to comply with	V		The Company has appointed company secretary via BOD on May 7, 2019, responsible for in according with relevant regulations convene the meetings of board of directors and shareholders' meeting and its' minutes, director assume and training arrangement, provide necessary information to fulfill duties of directors and supervisors, assistance to understand legal compliance, and other matters set out in the articles or corporation or agreements follow up to protect shareholders' rights and strengthen the functions of the board of directors. All relevant operations have been completed in accordance with the law in	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

Evaluation item	The state of implementation situation			Any discrepancies of such implementation from the Corporate Governance Best-Practice for TWSE/TPEX Listed Companies, and the reason for such discrepancy.
	Yes	No	Summary and explanation	
laws and regulations, handle matters related to meetings of the board of directors and shareholders' meeting in accordance with the law, and prepare minutes of board and shareholders' meetings, etc)?			the year of 2022. Please refer to the company's website and page 44 of this annual report for the business execution situation and further education courses.	
V. Does the Company establish the communication channel with interested person (including but not limited to shareholders, employees, customers, and suppliers, etc.) and is there an interested person section in Company's website to properly response to the inquiry from interested person about important CSR issues they cared?	V		The Company has established "Interest Person Section" in the Company website (http://www.upc.com.tw). There is communication channel in such Section. In addition, one can understand the issue the Company focused, the improvement response and the significant risk of annual management plan in "section 1.3 The Identification and Communication of Interest Person" in Company's 2022 ESG Report.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
VI. Does the Company engage professional shareholder services agent to process the shareholder meeting affairs?	V		The Company engaged the agency department in CTBT bank to handle the shareholder meeting and related matter.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
VII. Information Disclosure (I) Does the Company have the website to disclose financial, business and corporate governance information?	V		The Company website: www.upc.com.tw . The financial, business, and corporate governance information are disclosed in "Investor relations" section.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(II) Does the Company has adopted other information disclosure method (such as to set up English website, appoint a dedicated person to collect and disclose information, implementation of the spokesperson system, upload the investor conference video onto the Company website)?	V		Our Company has appointed a dedicated person to disclose information. In addition to spoken person mechanism, the Company has deputy spoken person mechanism. The financial information, business information and investor conference video simultaneously be disclosed in Company's website and MOPS for the investor to inspect.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(III) Whether the Company publish and report its annual financial report within two months	V		The Company's quarterly financial reports and monthly operational status are announced and completed before the specified deadline.	Compliant with the rationale and practices of "Corporate

Evaluation item	The state of implementation situation			Any discrepancies of such implementation from the Corporate Governance Best-Practice for TWSE/TPEX Listed Companies, and the reason for such discrepancy.
	Yes	No	Summary and explanation	
after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.				Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
VIII. Does the Company has other information which is helpful to understand the important information of corporate governance (including but not limited to employee welfare (employment relations and investor relations), supply chain relations, stakeholder’s rights, the further training for directors and supervisor, the risk management policy and implementation of the risk assessment, the customer policy and the liability insurance for directors and supervisor, etc.?	V		For detailed information, please refer to Note 1.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
IX. Please explain the improvement situation and priority strengthening matter and measure to the unimproved of the corporate governance evaluation report issued by Corporate governance center of TWSE (not applicable, if the company is not reviewed):				
(I) Improvement situation:				
The corporate governance evaluation unimprove indicator			Improvement situation	
Whether the regular shareholders' meeting be convened before end of May?			The 2022 regular shareholders' meeting convened on May 26, 2022.	
Does it disclose the professional qualifications and experience, the annual focus and implement status of the audit committee members?			The relative information has been disclosed on the Company's website.	
Whether establish extra functional committee which is non-statutory, it's member shall not less than three. More than half of the members are independent directors, and more than one member has the professional ability required by the committee and composition, duties and operation are disclosed?			The board of directors approved to establish the risk management committee on January 18, 2022, it's composed of all independent directors and operates in accordance with the organizational regulations of the risk management committee. The committee members, duties and operation are disclosed on the company website and annual report.	

Evaluation item	The state of implementation situation			Any discrepancies of such implementation from the Corporate Governance Best-Practice for TWSE/TPEX Listed Companies, and the reason for such discrepancy.	
	Yes	No	Summary and explanation		
(II) Priority strengthening matter and measure					
The corporate governance evaluation unimprove indicator			Provide the strengthening matter and measure to the unimproved matter		
The board's supervision of sustainable development is not disclosed.			It's disclosed on Page 48 of this annual report.		
The specific plans and implementation of the board diversity policy were not disclosed.			It's disclosed on Page 21 of this annual report.		

Note 1: Other important information of the Company that is helpful to understand the implementation of corporate governance.

1. The workers' rights and employee relations: Please refer to IV. Social Issues of sustainable development status on page54 & labor relations on page 91 of this annual report.
2. Investor Relation: The Company stick on the information disclosure policy and regularly discloses the information about sales revenues and financial statements, simultaneously announces material information, annually holds shareholder meeting and investor conference to convey relevant information about the Company. The Company also appoints the spokesman and deputy spokesman to handle related matter about to investor relation.
3. Supply China Relation: The Company strictly abides by corporate social responsibility, and requires suppliers to jointly abide by corporate social responsibility and the supplier code of conduct, including but not limited to ethical management, responsible procurement of minerals, compliance with contract provisions, privacy rights and information security, intellectual property rights, and the Company's sole business contact window to establish the cornerstones of the Company's sustainable operation. If a supplier has serious violations, the Company has the right to cancel any contract or order with the supplier at any time.
4. Right of Interested Person: The Company's interested person can contact with the company at any time by the company website and investor mailbox.
5. The training status of the directors and company secretary in 2022 is as follows, and disclosed director's courses information in MOPS for shareholders and investors' reference.

Title	Name	Organizer	Course	Traning Hours (H)
Representative of Institutional directors	Miau, Matthew Feng Chiang	Securities and Futures Institute	2022 Insider trading prevention advocacy conference	11
		Taiwan Stock Exchange	The advocacy meeting for directors and supervisors to announce the guidelines its independent directors and audit committees to exercise their rights	
		Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Seminar	
		Taiwan Stock Exchange	Sustainable Development Roadmap Industry Theme Publicity Conference	

Title	Name	Organizer	Course	Traning Hours (H)
Representative of Institutional directors	Chen, Chun	Securities and Futures Institute	Company management right dispute and to commercial event trial law introduction	6
		Securities and Futures Institute	Climate Change and Net-Zero Policies to enterprise operation's risks and opportunities	
Representative of Institutional directors	Jiang, Hui Jong	Taiwan Institute for Sustainable Engergy	How ESG can enhance corporate tesilience transformation and opportunity	7
		Taiwan Stock Exchange	Sustainable Development Roadmap Industry Theme Publicity Conference	
		Taiwan Stock Exchange	International Twin-Summit Forum	
Representative of Institutional directors	Lin, Hsin Hung	Taiwan Corporate Governance Association	Carbon management trends countermeasures and reaction within net-zero towards	9
		Taiwan Corporate Governance Association	The ESG legal issues its the Board of directors should be consideration	
		Taiwan Corporate Governance Association	Unlock key codes in financial statements	
Director	Ko, Yi-Shaw	Taiwan Stock Exchange	Sustainable Development Roadmap Industry Theme Publicity Conference	7
		Taiwan Stock Exchange	International Twin-Summit Forum	
		Taiwan Institute for Sustainable Engergy	Taixin 30th Sustainable Net Zero Summit Forum - Net Zero Seriously, Achieves Sustainability 2030	
Director	Miao, Feng-Sheng	Taiwan Corporate Governance Association	The enterprise merger model selection and tax effececction	6
		Taiwan Corporate Governance Association	2022 Global Trends and Business Opportunities of Low Carbon Economy and Enterprise Low Carbon Innovation	
Director	Hsueh, Chang-Wei	Taiwan Corporate Governance Association	The Response of personal to first part of CFC : Know Yourself and the Enemy	6
		Chinese National Association of Industry and Commerce	Case analysis of enterprise management right dispute	
Independent Director	Wang, Paul P.	Taiwan Institute for Sustainable Engergy	Enterprise net zero sustainable planning and future prospects (water resources, carbon rights, energy)	6
Independent Director	Pan, Wenent P.	Taiwan Corporate Governance Association	The Response of personal to first part of CFC : Know Yourself and the Enemy	6
		Taiwan Corporate Governance Association	How to Prevent Internal unrest _ Analysis of Enterprise Internal Investigation	
Independent Director	Hwang, Jung-Chiou	Taiwan Stock Exchange	The advocacy meeting for directors and supervisors to announce the guidelines its independent directors and audit committees to exercise their rights	9

Title	Name	Organizer	Course	Traning Hours (H)
		Securities and Futures Institute	Circular Economy Benefits and Its Business Model	
		Taiwan Corporate Governance Association	Protection of business secrets and practice of fraud detection and prevention	
Company Secretary	Wu, Cheng-Chien Simon	Taiwan Institute for Sustainable Engergy	Taixin 30th Sustainable Net Zero Summit Forum - Net Zero Seriously, Achieves Sustainability 2030	14
		Taiwan Stock Exchange	International Twin-Summit Forum	
		Securities and Futures Institute	Climate Change and Net-Zero Policies to enterprise operation's risks and opportunities	
		Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Seminar	
		Taiwan Stock Exchange	2022 Cathay Pacific Sustainable Finance and Climate Change Summit Forum	

6. The risk management policy and the implantation of risk assessment standard: The Company has established a risk management committee through the approval of the board and formulated risk management policies and procedures. A risk management task force composed of each functional unit and subsidiary compiles the scope of risk management at various levels according to the Company's operational characteristics. It formulates audit plans according to the risk assessment, and the audit results are reported to the risk management committee and the board.

7. The implementation of customer policy: The Company contains an intimate communication and sound relationship with our customers.

8. The Company has purchased directors and officer's liability insurance for all directors and has disclosed it in MOPS. The detailed list of insurance is as following:

The insured	The insurer	The amount insured (NT Dollar)	Term of policy (starting and ending)	BOD report date
All directors	Fubon Insurance Co., Ltd.	277,030,000	September 7, 2021 to September 6, 2022	November 2, 2021
All directors	Fubon Insurance Co., Ltd.	307,100,000	September 7, 2022 to September 6, 2023	November 8, 2022

9. Succession planning of members in board of directors and important management:

The Company adopts the "candidate nomination system" to nominate members in board of directors. According to the number of directors to be elected and the required qualifications, the Company solicit and recommend suitable candidates. After the recommended candidates approved by the board of directors, the Company submit the recommended candidates and other candidates recommend by shareholders to shareholders meeting for election.

Succession planning of directors of the Company. In addition to meet the requirements of the law and regulation, the Company will base on the Company's future development direction and long-term strategic goal and consider professional knowledge, skills, experience and gender, etc. diversified backgrounds and independence requirement to seek suitable candidate. Besides diversified professional knowledge and skills (such as law, industry, finance, science and technology, environmental protection) and industry-government-academic background, the director successor of the Company should have capabilities include business judgment ability, accounting and financial analysis ability, operation management ability (operation and management of subsidiaries), crisis management ability, industry knowledge, international market outlook, leadership ability, decision-making ability and risk management knowledge and ability.

Besides, for allocation planning for board of directors and development of Company's group operation strategy, to give full play the decision-making and supervision functions of the board of directors, the director successor of the Company should have the ability to cooperate with the Company's main axis of operation, maintain

long-term stable growth and development strategies and continuously improve corporate governance. In consideration of the ability beyond the professional competence of each director and to ensure that members in board of directors have a considerable degree of industry knowledge and gain new knowledge, the Company arrange at least 6 hours advanced courses related to finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility or internal control systems, and financial reporting responsibilities related to the characteristics of the Company's industry per year for each member in board of directors.

The Company's important management team and the heads of major functional units must be present at the board of directors and related meetings. In addition to being familiar with the operation of the board and related meetings, they could have a considerable degree of professional knowledge and ability related to the establishment and development Company strategy, internal control and legal compliance supervision and execution, risk management control and response.

Basically speaking, the directors of the Company all have considerable professional knowledge skills and industrial experience and would complete its overall management capabilities through participation in the supervision and management of the Company's development planning, internal control, legal compliance and risk control.

The Company conducts annual performance evaluation of all directors and the Company also has performance target evaluation for senior management. All of them could be used as a reference to selection of director successor.

In general, in respect to the director successor of the Company planning, the Company aim both "professional" and "inheritance" and lay a good foundation for the Company's sustainable operation. Besides recruiting suitable professionals from outside, the Company reserve talents for future director successor through internal training and senior executives experience cultivation.

The succession plan of the members of the board of directors and the key management: Talent is the key asset for the company to ensure sustainable business development. We have planned and launched a succession plan for different levels of management since 2016. The core of the plan is derived from corporate culture, mission and vision as the foundations of organizational development. Based on that, we have developed a talent management system to continuously groom talents, constituting a talent pool with the same beliefs and core values.

To help make the plan successful, we also invite external consultants to work with the human resources department to conduct regular in-depth interviews and to identify internal talents and/or recruit external talents so as to establish a short-term, 1 to 2 years, and long-term, 3 to 5 and 10 years talent pool varied from front-line, intermediate, and high-level management.

While identifying development needs for each talent, an individual development plan (IDP) will be available for them. The training activities cover leadership, professional training, task assignment, project assignment, domestic/overseas job rotation, cross field learning, attending business or strategy meetings, mentoring program, etc.

The Chairman, chief executive officer, president and consultants will meet every six months to evaluate development progress of the talents, and to give suggestions and adjust directions. We will take the steps of the PDCA cycle to pragmatically and steadily develop talent's competencies on market insight, strategic thinking, decision-making, leadership and professional capabilities. By leveraging the interaction with others in the process of training activities to build up team spirit and collaborative skills of the talents, ultimately the Company may enrich the talent pool, providing the core human resources to sustain business growth and development of the Company.

(V) Structure, Responsibilities and Responsibilities of the Compensation Committee

1. Profiles of the compensation committee members :

March 31, 2023

Member	Qualification Name	Professional qualifications and experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member
Independent Director/Convener	Pan, Wenent P	Please refer to the directors' information on page20 of this annual report.	Status of independence: (1) to (10) Status of non-independence: None.	2
Independent Director	Wang, Paul P.		Status of independence: (1) to (10) Status of non-independence: None.	0
Independent Director	Hwang, Jung-Chiou		Status of independence: (1) to (10) Status of non-independence: None.	3

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term of office.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (This restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manger under (1) or any of the persons in (2) or (3).
- (5) Not a director, supervisor or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.(this restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by and con-currently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) Not a director or supervisor of the company or any of its affiliates. (This restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a chairman, general manager or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (This restriction does not apply to independent directors appointed in accordance with this Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Not a director, supervisor, manager or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (this restriction does not apply if specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company and independent directors appointed in accordance with this Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.

2. The responsibilities of the compensation committee.

- (1) Regularly review the committee charter, and make suggestions for amendment, if needed.
- (2) Develop and review performance evaluation and compensation policies and schemes for directors and managerial officers.
- (3) Review the specific performance metrics and evaluate the performance results associated with the established business goals for use in determining eligibility for compensation rewards of directors and managerial officers.

3. Implementation information of the compensation committee

(1) The Compensation Committee consists of three (3) members.

(2) Term of office: July 21, 2021 to July 20, 2024. The Compensation Committee meeting was convened 2 times in 2022 (A). The attendance of committee members are as follows:

members are as follows:

Title	Name	Should be attendance in Person(A)	Actual attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Authority and Responsibility	Remarks
Convener	Pan, Wenent P	2	2	0	100	1. Establish and review performance and compensation policies and schemes for directors, supervisors, and managereial officers. 2. Conduct performance review and recommend compensation awards for Board members and managerial officers, subject to approval by the Board of Directors.	
Member	Wang, Paul P.	2	2	0	100		
Member	Hwang, Jung-Chiou	2	2	0	100		
Any other matters that require reporting							
1. If the board of directors declines to adopt a recommendation of the Compensation Committee, the date, term, content of the item, resolution of the board of directors and Company's response to recommendation of the compensation committee should be recorded (such as that if the board of directors has passed a remuneration more favorable to the recommendation of the compensation committee, the departure and its reason should be recorded): None							
2. If with respect to any resolution of the compensation committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the date, term, item, resolution of the board of directors, the recommendation of all members, and Company's response to recommendation of each member should be recorded:							
Board Meeting	Compensation Committee	Content of the Item			Resolution	The Company's response to recommendation of the Compensation Committee.	The response to any member of the Compensation Committee has a dissenting or qualified opinion that is on record or stated in a written statement.
The 4 th meeting of 16 th board of dorectors on January 18, 2022.	The 1 st meeting of 5 th Compensation Committee on January 18, 2022.	1.The 2022 work plan of the committee. 2.The distribution of 2021 director remuneration of the Company. 3.Ratification managerial officer's remuneration adjustment			All attendant members of the Compensation Committee passed the resolution.	All attendant members of board of directors passed the resolution.	None

		4.The 2021 managerial officer's Year-end bonuses proposal.			
The 8th meeting of 16 th board of directors on Aug, 3, 2022	The 2nd meeting of 5 th Compensation Committee on Aug, 3, 2022	Managerial officer's remuneration increase proposal.	All attendant members of Compensation Committee passed the resolution.	All attendant members of board of directors passed the resolution.	None

(VI) Status of promotion of sustainable development and its difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Evaluation Item	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its reason.
	Yes	No.	Abstract Illustration	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development, with the board authorizing the senior management to manage the organization which is supervised by the board?	V		In order to ensure the implementation of the corporate social responsibility policy and sustainable operation and management, the Company established the "Corporate Social Responsibility Committee" which was later renamed the "Sustainability Committee" in cooperation with the regulations of the competent authority. The general manager is the head and the managerial level supervisors in Taipei office and Linyuan plant and the supervisors in the relevant group functional department were the members and there was an executive secretary. In 2022, the committee convened meetings on February 25, May 24 and August 24. The 2022 ESG Report preparation meeting and training were simultaneously held in Taipei and Kaohsiung on December 3, and December 6, 2022. The results of implementation were reported to the board of directors on January 8, 2022 and August 3, 2022. The Sustainability Committee, Risk Management Committee and the unit responsible for greenhouse gas inventory report to the board on a regular basis, including: implementation overview and planning of the Sustainable Development Committee, regulation updates and countermeasures, regular review of risk control issues and countermeasures, planning and progress of climate change response and net zero emissions and greenhouse gas inventory and verification plans implemented by the Company and its subsidiaries. The board reviews and supervises the progress of the strategy and urges the	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

			management team to make adjustments when necessary.													
II. Whether or not the Company conducts operations-related environment, society and corporate governance risk assessment in accordance with the principle of materiality and prescribed relevant risk management policy and strategy?	V		The disclosed is during 2022, and covers the Company and its subsidiaries. In the four aspects, operating performance, environment, society, and corporate governance, the Company investigates risk issues with industry characteristics, the Company's risk policies, actual operational status and prior experience, and considers the materiality of issues of concern to stakeholders for identification, assessment and countermeasures for risk scenarios as follows: <table><tr><th>Material issues</th><th>Risk assessment items</th><th>Countermeasures</th></tr><tr><td>Operating Performance</td><td>Price fluctuation risk Lending risk</td><td>1. Dynamically optimize the raw material allocation of each subsidiary. 2. Sales personnel regularly visit customers to which credit lines are granted to understand their operations and financial position. 3. Purchase goods insurance policies to share the risk with insurance companies.</td></tr><tr><td>Environment</td><td>Legality of environmental regulations</td><td>1. For air pollution, toxicity, and chemical substances of concern, it is required to cooperate with audits and regulatory inspections. 2. According to the specifications of ISO14001, ISO14064, and ISO50001, review and update the applicability of compliance with various environmental regulations.</td></tr><tr><td>Society</td><td>Process safety Succession of specialization Loss of manpower</td><td>1. Promote process safety management system and work plans, and implement the PSM. 2. Continue to recruit industry talents, and provide long-term training to meet the talent needs of various business units of the group. 3. Take inventory of talents, and automate operations to replace manual operations, further reducing</td></tr></table>	Material issues	Risk assessment items	Countermeasures	Operating Performance	Price fluctuation risk Lending risk	1. Dynamically optimize the raw material allocation of each subsidiary. 2. Sales personnel regularly visit customers to which credit lines are granted to understand their operations and financial position. 3. Purchase goods insurance policies to share the risk with insurance companies.	Environment	Legality of environmental regulations	1. For air pollution, toxicity, and chemical substances of concern, it is required to cooperate with audits and regulatory inspections. 2. According to the specifications of ISO14001, ISO14064, and ISO50001, review and update the applicability of compliance with various environmental regulations.	Society	Process safety Succession of specialization Loss of manpower	1. Promote process safety management system and work plans, and implement the PSM. 2. Continue to recruit industry talents, and provide long-term training to meet the talent needs of various business units of the group. 3. Take inventory of talents, and automate operations to replace manual operations, further reducing	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
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					the risk of manpower shortage.	
			Corporate Governance	Capital expenditure Information security	1. Use the project management system (POL) to keep track of progress for management at all times. 2. Formulate information security management regulations and audits in accordance with the ISO 27001 framework, and implement them effectively in accordance with the regulations and audits.	
III. Environmental issues (I) Whether or not the Company has established the appropriate environmental management system according to industry characteristics?	V		The Company adopts the ISO 9001 quality management system / ISO 14001 environmental management system, ISO 14064, International Standard for GHG Emissions Inventories and Verification, ISO 45001 occupational safety and health management system, and ISO 50001 energy management system as per the requirements of quality and safety, health and environmental protection regulations for the manufacturing industry and completes sustainability management verification every year. The Company identifies the opportunities and risks of each management system according to the new version of ISO management requirements. It adopts the PDCA closed-loop cycle to improve management continuously. The Company implements the ISO 14064, International Standard for GHG Emissions Inventories and Verification every year and entrusts a third-party bsi certified by the TAF to verify greenhouse gas emissions Inventories and report it to the Environmental Protection Administration Executive Yuan, ROC (Taiwan). A greenhouse gas emission Inventories baseline was established.			Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
(II) Does the Company strive to improve the energy usage efficiency and to use relevant low environmental impact recycled materials?	V		The Company continues the third-party verification of ISO-50001 Energy Management System. The Company conduct a long-term plan to improve relevant energy consumption equipment and replace those including lighting, centrifugal air compressor, etc.) to improve equipment efficiency. The Company applies the steam energy from the manufacturing process which provide energy for used in-house and sold by outside parties, to achieve Circular Economy goals perseveringly, recovery and reuse. In addition to prescribes and enforces ISO 50001 Energy Management plan all over the plant. For achieved the goal of 1% saving in electricity per year required by the Bureau of Energy. The Company solutions include:			Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

			1. Improve the equipment efficiency: Conduct Planned Preventive Maintenance plan for energy saving measures and opportunities. 2. Purchase energy-saving equipment: According to the procurement regulations of the Bureau of Energy, the Company purchases the equipment certificated with energy-saving budges, (i.c. Energy Star, Energy-aving Facilities, etc.) preferentially. 3. In order to raise the energy-saving awareness, we provide personnel relative operating training especially the significant energy-saving equipment annually. 4. Encourage employee participation in implement of Energy management system, and carbon reduction. We also use steam equipment to recover a large amount of latent heat in the process and convert it into steam, which greatly reduces the operation of steam boilers. The new type of steam turbine generator (TG) makes steam out of process waste heat and converts it into electric energy, which can reduce greenhouse gas carbon dioxide (Scope 2) and mitigate the impact caused by emergency power outages. In terms of reducing water consumption and conserving water resources for environmental protection, the Company adjusts production lines, reduces the production of process wastewater and invests in wastewater treatment facilities with membrane bioreactor (MBR) technology to improve the reuse rate of reclaimed water. At present, more than 80% of the reclaimed water can be steadily reused, achieving the goal of saving 32,916 tonnes of water in 2023. The Company (including its subsidiaries) invested NT\$133,997 thousands in 2022. The total benefit included electricity savings of 7,668 kWh/hr and carbon reduction of 32,458 tonnes/year. The details are as follows: 1. Energy management (1) Install solar panels, which could be generate electricity 2,220 degrees kWh/hr and carbon dioxide emissions reduction 9,379 tonnes/year. (2) Replace air compressors with newer energy-saving air compressors (two-stage compression + converter), which could be save 320 kWh/hr hour and carbon dioxide emissions reduction 1,415 tonnes/year. (3) Custom-made energy-saving water pumps for the cooling water system, after analysis, could be save electricity 1,416 kWh/hr and carbon dioxide emissions reduction 5,982 tonnes/year. (4) Install frequency converters to blowers, which could be save electricity 532 kWh/hr and carbon dioxide emissions reduction 2,248 tonnes/year.	
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		(5) Purchased a steam turbine generator set, which could be generate electricity 1,600 kWh/hr and carbon dioxide emissions reduction 6,760 tonnes/year. 2. Improve equipment efficiency: (1) The addition of low-pressure steam tube bundles to the air preheaters in the phthalic anhydride plant could be save 3.5 tonnes of high-pressure steam per hour, and the saved high-pressure steam generates electricity with the turbine generator can generate electricity 636 kWh/hr and carbon dioxide emissions reduction 2,688 tonnes/year. (2) The alcohol preheating system in the plasticizer plant replaces high-pressure steam with low-pressure steam, and uses the saved high-pressure steam to generate electricity with the turbine generator, which could be generate electricity 944 kWh/hr and carbon dioxide emissions reduction 3,987 tonnes/year. The above uses the 2021 Taiwan electricity carbon emission coefficient, which is 0.509 kg CO₂e (carbon dioxide equivalent) per kWh.	
(III) Whether or not the Company assesses the current and future potential risk and opportunity from climate change and adopt response measures?	V	"Global warming" is one of the main reasons for "climate change." The Company is committed to process energy, heat recycling, resource reuse, energy consumption reduction and water resources saving to reduce the ecological and environmental impact from global warming. With respect to energy recycling opportunities: The Company take advantage of the exothermic nature of the reaction and turn a lot of waste heat in the process into saturated steam. Except for direct use in production, the excess heat sources can be sold to other manufacturing units and further reduce the consumption of fossil fuels. Excess low-pressure steam could be used in absorption chillers to reduce electrical load. Opportunities: reduced fossil energy consumption, reduced greenhouse gas emissions and reduced carbon footprint. The Company has established a UPC Technology ESG promotion team. Since 2022, it has successively implemented ESG-related training courses. A management structure will be established based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework to disclose future corporate governance, strategies, risk management, indicators, and targets for climate-related risks and opportunities.	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
(IV) Whether or not the company counts greenhouse gas emissions, water consumption and total waste weight	V	The Company has completed the inventory and the third party verification of the Scope 1 and 2 of the ISO 14064-1 of 2022 and obtain the certificate of ISO 50001 energy management system the third party verification of 2022.	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for

in the past two years and prescribes greenhouse gas reduction, water consumption or other waste management policies.	In terms of greenhouse gas reduction, the Company has been actively involved in the greenhouse gas inventory required by the ISO14064-1 since 2013 and has established a complete greenhouse gas emission baseline. In response to the national goal of achieving net-zero greenhouse gas emissions, the Company employs the following management strategies: 1. Committed to the ESG, and fully participates in the mitigation of climate change. 2. Actively recover energy waste and improve steam efficiency, power generation from waste heat, and heat recovery. 3. Actively verify the GHG emission baseline, the GHG emission intensity of products, and improve the industry's competitiveness to reduce the company's operating cost. The Company's GHG Emissions Over 2 Years <table><tr><th>2021</th><th>2022</th></tr><tr><td> 1. Total greenhouse gas emissions (excluding biomass fuels) were 37,607 metric tons of CO2e. 2. The Scope 1 GHG emissions are 26,734 metric tons of CO2e, accounting for 71.09% of the total emissions. The main greenhouse gas generated is CO2 emissions. 3. The Scope 2 GHG emissions are 10,873 metric tons of CO2e, accounting for 28.91% of the total emissions. The main sources include part of the manufacturing processes and power needed at offices and the steam purchased from Linyuan Advanced Materials Technology. </td><td> 1. Total greenhouse gas emissions (excluding biomass fuels) were 55,849 metric tons of CO2e. 2. The Scope 1 GHG emissions are 40,731 metric tons of CO2e, accounting for 72.90% of the total emissions. The main greenhouse gas generated is CO2 emissions. 3. The Scope 2 GHG emissions are 15,119 metric tons of CO2e, accounting for 27.10% of the total emissions. The main sources include part of the manufacturing processes and power needed at offices. </td></tr></table> *The work stoppage in 2021 reduced carbon emissions. Data: Plants in Taiwan. In terms of reducing water consumption and conserving water resources for environmental protection, the Company adjusts production lines, reduces the	2021	2022	1. Total greenhouse gas emissions (excluding biomass fuels) were 37,607 metric tons of CO2e. 2. The Scope 1 GHG emissions are 26,734 metric tons of CO2e, accounting for 71.09% of the total emissions. The main greenhouse gas generated is CO2 emissions. 3. The Scope 2 GHG emissions are 10,873 metric tons of CO2e, accounting for 28.91% of the total emissions. The main sources include part of the manufacturing processes and power needed at offices and the steam purchased from Linyuan Advanced Materials Technology.	1. Total greenhouse gas emissions (excluding biomass fuels) were 55,849 metric tons of CO2e. 2. The Scope 1 GHG emissions are 40,731 metric tons of CO2e, accounting for 72.90% of the total emissions. The main greenhouse gas generated is CO2 emissions. 3. The Scope 2 GHG emissions are 15,119 metric tons of CO2e, accounting for 27.10% of the total emissions. The main sources include part of the manufacturing processes and power needed at offices.	TWSE/TPEx Listed Companies".
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		production of process wastewater, and invests in wastewater treatment facilities--For the membrane bioreactors (MBR) to improve the re-use rate of reclaimed water. The consumption of raw water in 2021 was relatively low at 145,302 cubic meters due to the work stoppage, and it was 235,715 cubic meters in 2022, an increase of 62.2% compared within 2021, but a decrease of 19.6% compared within previous years. Data coverage: Taiwan factory. The Company has a complete waste management system and dedicated personnel responsible for the entire life cycle of registration, storage, clearance, transportation, treatment, and declaration of waste in terms of waste management. The waste management operations are checked every month to ensure that they meet requirements and can be improved. The Company completes waste treatment and control according to the Department of Environmental Protection regulations. More than 91.9% of them are general industrial wastes; 8.1% are hazardous industrial wastes. More than 96.2% of the waste in 2022 was treated in-house, which effectively reduced the carbon dioxide emissions caused by additional waste cleaning and transportation (about 550 metric tons of CO₂e in the past two years) and the risk of waste transportation. <table border="1"> <thead> <tr> <th>Year</th><th>General industrial waste (metric tons)</th><th>Hazardous industrial waste (metric tons)</th><th>Total (metric tons)</th></tr> </thead> <tbody> <tr> <td>2021</td><td>1,702*</td><td>311*</td><td>2,013</td></tr> <tr> <td>2022</td><td>4,876</td><td>503</td><td>5,379</td></tr> </tbody> </table> *The work stoppage in 2021 reduced carbon emissions. Data: Plants in Taiwan.	Year	General industrial waste (metric tons)	Hazardous industrial waste (metric tons)	Total (metric tons)	2021	1,702*	311*	2,013	2022	4,876	503	5,379	
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IV. Social Issues (I) Does the Company prescribe relevant management policies and processes according to the relevant laws and regulations and international human rights treaties?	V	The Company has established the internal control system according to the relevant laws and regulations and international human rights treaties and prescribed the management rules of human resources to make sure that we provide the equal treatment on employee hiring, performance checks and promotion to all employees regardless their race, gender, age, religion or partisan considerations. The Company complies with domestic labor-related laws, the Universal Declaration of Human Rights of the United Nations and the "Core Labor Standards" of the International Labor Organization. The Company has established a grievance hotline for sexual harassment prevention and clearly declares the protection of employees' human rights in the Company's "Work Rules", "Sexual Harassment Prevention and Complaints and Disciplinary Act"	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".												

		and other internal documents, including basic statutory requirements, employment at will, humane treatment, prohibition of improper discrimination and sexual harassment. There is no forced or compulsory labor in the work place and the pay vacation policy is available and Comply with Labor Standards Act and other regulations. No child labor. Provide a safe and healthy work environment. Donate funds for the activities of relevant units in Linyuan District every year, and participate in community festivals. Donate to the "Neighborhood Friendship Fund" to provide assistance in local construction, scholarships, emergency relief, blood drive and other public welfare activities. Employees organize their own clubs to sponsor relevant social groups and disadvantaged groups, improve care for disadvantaged children in remote areas, and demonstrate social responsibility through practical actions. The amount of community activities and public welfare sponsorship reached NT\$965,574 in 2022. The detailed description has disclosed the workplace co-prosperity chapter of the sustainability report.	
(II) Whether or not the Company has established and implemented reasonable employee benefit policies (including remuneration, leave and other benefits, etc.), and appropriately reflect the Company's business performance or achievements in the employee remuneration policy?	V	The Company has established the internal control system and established management rules of human resources to ensure that employees' remunerations, benefits and assessments are fair, just and reasonably reflected in employee attendance, wedding and funeral celebrations and remuneration. 1. Overall remuneration and performance policy (1) UPC Technology focuses on the achievement of practical operating results and values the importance of the salary and benefits program for employees. Salary surveys are conducted every year to measure the market standards and employee salary is appropriately adjusted to attract and retain talents. (2) Employee remuneration is determined by job evaluation on education, professional knowledge and skills, work experience, job complexity and responsibility. The standard salary of the lowest bracket is higher than the minimum wage stipulated in the "Labor Standards Act". (3) We adopt the equal employment policy applying to the employees at all levels. There is no different treatment due to the gender of the employees. New hires will have equal pay regardless their race, religion, political affiliation, gender or marital status. (4) In terms of the employee performance management practice, supervisors and employees jointly establish goals at the beginning of the year, meet	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

		and review work progress in the middle of the year and evaluate the results at the end of the year aligning with the Company's business strategies and goals. The key behaviors of the competencies are also major item of the performance appraisal, which can lead a sound and fair appraisal procedures for the employees. The performance results are applied to employee training and development, job improvement, promotion/demotion, distribution of bonuses and incentives, thus boost up employee's morale to achieve business sustainability and corporate social responsibility. (5) The distribution of employees' compensation in the Company's article of incorporation, please refer to Page 74 of this annual report. 2.Employee fringe benefits and welfare programs (1) The Employee Welfare Committee holds a meeting every three months to plan and implement various welfare programs. The Company allocates a fixed percentage of amount of employee salaries to the employee welfare fund of the Employee Welfare Committee every month in accordance with the law. (2) The benefits include festival and Labor Day bonuses, birthday gifts, retirement gifts, gratuity for wedding, funeral, hospitalization, company outing and year-end bonus. (3) Organize annual employee domestic and overseas tours, and encourage employees to participate in group activities. (4) Employees are entitled to labor and health insurance, and there is employee group insurance plan available. Employee spouse, parents and children can also participate in preferred insurance discount plans at their own expense. (5) There is a nursing room for female employees who may need them, so employees can balance their work and family care. (6) Annual health checkup for employees. (7) Comprehensive leave measures, such as personal leave, maternity leave, paternity leave, parental leave without pay, marriage leave, bereavement leave, menstrual leave, family care leave, etc. The detailed description has disclosed the workplace co-prosperity chapter of the sustainability report.	
(III) Does the Company provide employees with a safe and healthy	V	1. Occupational safety and health policy The Company abides by the occupational safety and health policy of	Compliant with the principles and implementation of the "Sustainable Development

working environment and regularly train its employees on safety and health education?		"Regulatory compliance. Zero casualties. Disaster prevention." The occupational safety and health management system (ISO-45001 and TOSHMS) provides safe and healthy working conditions, compliance with safety and health laws and other requirements, elimination of hazards and reduction in occupational safety and health risks, and advocacy for employee safety and health consultation and participation to build a healthy and happy workplace. Disaster prevention and control are part of the Company's core philosophy and the Company uses appropriate management tools, proven technology, and available resources to compile operating and occupational issues to provide effective countermeasures. The Company also continues to refine its occupational safety culture, improve the protection management of operators, and put in resources to create a zero-hazard environment. The Company also establishes quantitative indicators to expand occupational safety and health practices to products and services, further improving the overall performance and controlling risks. In 2022, there were 0 disabling injury incidents and 0 cases of occupational incidents, which is the same as in 2021, both meeting the goals of 0.2 disabling injury/million working hours. The Company thoroughly reviews improvement measures, immediately revises automatic inspection tasks, and audits safety interlocking components on the machine. The safety and life-saving clauses are reiterated, and the measures for supervisors to be attentive to employees' physical and psychological conditions to ensure their safety during work. 2. Labor working environment monitoring In order to protect workers from hazardous substances in the workplace and provide them with a healthy and comfortable working environment, the Company inspects the work environment every year for areas that may be exposed to hazardous substances and gradually gain an insight into the actual exposure of workers. The Company has inspected organic solvents, specific chemical substances, dusty workplaces, central air-conditioning equipment, indoor workplace, and personal noise dose to make sure that they all meet the allowable values specified by the laws and regulations every year. Although the concentration of sulfuric acid, hydrochloric acid, and sodium hydroxide used in 2022 did not reach the level which would require environmental testing according to law, self-assessment testing was still	Best Practice Principles for TWSE/TPEx Listed Companies".
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		carried out, and the testing data all met the allowable values stipulated by the law. 3. Safety and environmental audit The Company has established an annual safety and environmental audit and management by walking around the plant, with the head of the factory serving as the general convener. The safety and environmental audit team use the “Management by walking system” to list the inspection suggestions and specific improvements for reference in the inspection reports, so the units who are found to be at fault can refer to the reports and the audit team can review the shortcomings based on the improvements to be made on a monthly basis. <table><tr><th colspan="2">Occupational safety audit</th></tr><tr><td>Occupational safety audit team</td><td>Monthly audit</td></tr><tr><td>Safety and Health Section/Safety and environmental audit team</td><td>Weekly patrol inspection</td></tr></table> 4. Equipment safety management The Company has categorized equipment, put dangerous machinery and equipment under strict control according to the law, and conducted a detailed inspection to ensure that they operate safely. In 2022, the Company had 88 high-risk machinery/equipment units and conducted regular inspections following the Regulations for Safety Inspection of Hazardous Machines and Equipment to ensure that they operate safely. The Company appoints safety health officers and emergency care personnel and arranges “ESH training” for employees by the ESH department. The company set annual employee health checks that were more favorable than the regulation requirements and held safety and health lectures5 seminars, In 2022, the on-site service of occupational medicine was changed from quarterly to bimonthly.. In 2022, a total of 20 sessions of occupational safety and fire protection education and training were held, and reach the goal over 6 hours of training every year. 5. Verification progress All of the Company's plants and subsidiaries have passed the certification of the occupational safety and health management system (ISO-45001 and TOSHMS).	Occupational safety audit		Occupational safety audit team	Monthly audit	Safety and Health Section/Safety and environmental audit team	Weekly patrol inspection	
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(IV) Has the Company established an effective career development training program for its employees?	V	The Company values its employees as important assets, and employee training and development is one of important business operations. According to the Company's vision, mission and business strategies we develop a comprehensive training system to provide integrated and diversified training and learning resources for talent development. Complete occupational training program are provided to supervisors and employees at all levels, including new employee orientation, management training, hard skills training, environmental, safety and health training and soft skills training. We also value employee's business conducts by delivering mandatory business ethic programs. As results, improve employees' work performance, which help boost the company's sustainable business growth, by enhancing their competencies. Supervisors and employees meet at the beginning of the year to discuss and set up individual development plan when finishing year-end performance review. Please refer to page 93 of the annual report for information on continuing education and training of the Company's employees.	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
(V) Whether or not the Company complies with relevant regulations and international policy in customer health and safety, customer privacy, marketing and labeling of products and services and prescribed relevant consumer protection policies and complain procedures?	V	The Company comply with relevant international regulations, laws and customer requirements and provide detailed information of all product to customers through safety data sheets. To meet the requirements of green environment management and provide downstream customers with safety materials, products have been inspected, analyzed and compared SVHC, RoHS, EN-71, ASTM F-963, PAHs, halogens and their compounds every year. The Company has set up a management system for customer data to manage and protect customer privacy. The internal audit of personal information, external verification, crisis prevention and education and training sessions all safeguard customers' data. In order to ensure the rights and interests of consumers, the Company has established quality management policies and points of contact for customers. Customer complaint cases can be directed to the point of contact of each business department (detailed company website https://www.upc.com.tw/zh-TW/Html/contacts) or handled by designated specialists.	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
(VI) Whether or not the Company prescribed "Supplier Management Policy" and required suppliers comply with the relevant regulations on environmental protection, occupational safety and health or labor human rights and their state of implementation?	V	The Company has established the "Supplier Corporate Social Responsibility Evaluation System" to establish the screening criteria for suppliers protecting the environment, human rights, safety, health and sustainability and to assess the requirements and expectations for suppliers' environmental safety and health risks, social responsibility, prohibition of child labor, labor management, basic rights of labor, integrity, regulatory compliance, intellectual property rights, fair trade, code of conducts and ethical operations.	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

			The Company has established supplier audit projects to adopt supplier selection, audit consultation, performance evaluation and supplier discussion forums to implement the requirements of sustainability in the daily management of the supply chain. 100% of the Company's suppliers has met the following criteria in 2022. 1. Supplier assessment: All suppliers must pass the supplier assessment and comply with the Supplier Code of Conduct. Process-related raw material suppliers must pass the ISO9001 quality management system certification. 2. Supplier audit: The Company has established an audit team and a counseling team to track the progress of improvement corresponding to suppliers' deficiencies, jointly improve quality and technology, reinforce environmental protection, safety and health performance and incorporate automation into the process to improve production capacity.	
V. Whether or not the Company prepares sustainability reports or other reports disclosing the Company's non-financial information in accordance with widely recognized international standards or guidelines? Whether or not the above-mentioned report has obtained the confirmation or assurance opinion of the third-party verification entity?	V		The ESG Report is made in according to GRI ESG Reporting Guidelines (GRI Standard) core options issued by the Global Reporting Initiative (GRI). The report has been verified as AA1000 Type 1 moderate by the third-party British Standards Institution (BSI). Scope of the ESG Report: UPC Technology's Taipei office and Linyuan plant.	Compliant with the principles and implementation of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
VI. If the Company has established its own sustainability code based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancies between the policies and their implementation in the Company: The Company has established its sustainability code based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the content has met the requirements of the competent authority.				
VII. Other important information for facilitating the understanding of sustainability and its implementation: The Company has set up an enterprise sustainability page on the official website (http://www.upc.com.tw) and regularly updated the relevant information for all stakeholders to access at any time.				

(VII) The outcomes of the company performance on business conduct and ethics management, which has resulted in any variance between the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance.

Assessment Item	The state of implementation (Note)			The variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance.
	Yes	No	Summary and explanation	
I. The policy of codes of business conduct and ethics (I) Is there a Company policy of the codes of business conduct and ethics approved by the board of directors in place? And, the Company specifies the codes into internal management regulations and external document. Furthermore, do the board of directors and senior management vigorously commit to abiding by the policy?	V		The Company has formulated its Business Ethic Policy approved by the board and published on the Company's website. The board and the management have followed the guidelines to perform their work. We have conducted the training for employees periodically. The guideline is also part of the training course for new hires to reinforce their professional ethics, preventing them from having unethical behaviors.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(II) Does the Company introduce a risk assessment mechanism to regularly analyze and review any business activities obscuring high-risk unethical conducts within its business scope? Thus, establish at least two prevention measures itemized in paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		For operating activities at higher risk within the scope of business, such as raw materials or assets procurement and sales, the Company has established management system for preventing bribery and acceptance of bribes, prohibiting illegal political donations, inappropriate charitable donations or sponsorships. The Company also enforces the employee's code of conducts and the whistleblower policy how to report corruption and misconducts to prevent any unethical behaviors occurring.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(III) Does the Company prescribe operation procedures, guidelines, disciplinary actions and grievance mechanism to avoid any ethical misconducts occurring? Does the company regularly review and amend the scheme?	V		The Company's business ethic policy formulates the Ethical Management procedures and guidelines how to whistleblow a corruption or misconducts, and at the same time provide channels for whistleblowing. The policy or prodctures is subject to amended when needed.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
II. Enforcement of codes of business conduct and ethics (I) Does the Company evaluate the credit records of its transaction partners and put the ethical terms into the agreement?	V		All employees of the Group shall sign a Letter of Commitment to commit they will strictly abide by the business Ethic policy. The sales department conducts credit evaluations to the customers who have regular transactions with the Company twice a year and record the review results. The content of the evaluation includes the customer's financial and business risks and collects the customer's exposure to the mass media's illegal cases and the surrounding neighbor's positive and negative comments on the	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	The state of implementation (Note)			The variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance.
	Yes	No	Summary and explanation	
			evaluated customer. All of them are important reference indicators for the customer's credit evaluation. When necessary, the Company will engage a third party to conduct credit investigation. The Company will stop credit transactions with the customer with bad credit or poor social perception and stop trading with the customer under serious circumstances. Procurement Department annually conducts credit evaluations and assessments to the suppliers whom the Company has regular transactions with. The Company ceases to transact with supplier with poor credit. In the purchase agreement between the Company and supplier, there is terms and conditions to prevent unfaithful conduct.	
(II) Does the Company establish a dedicated unit that is under the board of directors and responsible for implementing the policy of codes of business conduct and ethics? The dedicated unit shall report the policy, preventive measures against ethical misconducts at the board meeting at least once a year.	V		The human resources department is responsible for the formulation of the business ethic policy, and the internal auditor supervises the implementation and audits the compliance irregularly. The Company's board fulfills its management obligations, monitors the prevention of unethical behaviors, and reviews and improves the results from time to time to ensure the implementation of the business ethic policy.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(III) Does the Company formulate the policy to prevent conflict of interest and enforce it with proper communication channel?	V		The Company has formulated "Policy and behavior guidelines for avoiding conflict of interests" and strictly comply with it.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(IV) Does the Company establish sound accounting system and internal control system, prescribe relevant internal audit plan based on the risk assessment mechanism on unethical conducts, and audit the compliance status of the plan to prevent any dishonesty or engage a certified public accountant to do the auditing?	V		We have established an effective accounting system and internal control system, and review them regularly to ensure their continuous and effective implementation. The Company's audit unit, based on the risk assessment of unethical behaviors, has drawn up relevant audit plans, checked the status of compliance, and provided follow-up recommendations for improvement to senior executives and the dedicated unit for ethical management, and then submitted audit reports to the board.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	The state of implementation (Note)			The variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance.
	Yes	No	Summary and explanation	
(V) Does the Company regularly deliver internal or external business conduct and ethics training?	V		Business conduct and ethics training has been planned as a mandatory course for all employees every year as part of individual performance results. In 2022, total of 205, or 94% employees complete the training including senior executives, managers, staff, consultants, etc. The employees participating in the training must pass the test after class and sign a commitment letter to declare that they will abide by the relevant regulations on business conduct and ethics.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
III. The implementation of Company's whistleblower system (I) Does the Company clearly specify a reporting and reward system, establish a convenient reporting channel and appoint a properly dedicated personnel for the accused person?	V		The Company has prescribed "Report procedures on non-complying with codes of business conduct and ethics." Once receiving the report, an investigation team will be formed to investigate the case within three days. The content of report should include the contact information of whistleblower, nature of facts with evidences and so on. The report channels is listed as follows: 1. The Email of HR Supervisor: Joanne.Tsao@upc.com.tw 2. The Employee Grievance Email: confidential.tw@upc.com.tw 3. The website of UPC: www.upc.com.tw 4. A written report submitted to the audit committee, auditor and other specific supervisors.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(II) Does the Company stipulate a standard operating procedure and relevant confidentiality measures how to handle the report during and/or after investigation?	V		The process of investigation and all relevant information about the report will be classified. To prevent retaliation to whistleblower and investigator, the investigation results will be kept in human resource department and copied to audit department.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(III) Does the Company take any actions to prevent unfair treatment for whistleblower?	V		In order to protect the safety of whistleblowers, the documents related to whistleblowing are kept strictly confidential to prevent the whistleblowers from retaliation. No whistleblowing report was filed in 2022.	Compliant with the principles and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
IV. Information disclosure	V		In addition to publishing Codes of Business Conduct and Ethics on	Compliant with the principles

Assessment Item	The state of implementation (Note)			The variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance.
	Yes	No	Summary and explanation	
Does the Company disclose its implementation results of Codes of Business Conduct and Ethics on Company website and MOPS?			Company website, www.upc.com.tw, the Company set up a section in intra website for employee to check the detailed information anytime.	and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
V. If the Company formulates its "Codes of Business Conduct and Ethics" based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its implementation and variance. The Company has formulated the Codes of Business Conduct and Ethics. We have reviewed the implementation results and continuously improved to ensure compliance with the policy.				
VI. Other key information which is helpful to understand the implementation status on the codes of business conduct and ethics (such as if the Company reviewed and amended its Codes of Business Conduct and Ethics.) The Company pays attention on relevant regulations developed and released in domestic and abroad. We encourage all employees to raise their suggestions to review and improve the performance on implementing the Company's codes of business conduct and ethics.				

(VIII) If the Company prescribed the rule of corporate governance and relevant regulations, the Company should disclose its search method.

Please refer to the "Investor Relations" section of the Company's website (www.upc.com.tw) and the "Corporate Governance" section on the Market Observation Post System to find the Company's corporate governance code of conducts and related regulations.

(IX) It could disclose together, if there is any other important information which is helpful to understand corporate governance implementation of the Company: None.

(X) The implementation of internal control System

1. Internal Control System Statement

UPC Technology Corporation
Internal Control System Statement

Date: March 6, 2023

The internal control system from January 1, 2022 to December 31, 2022, according to the result of self-assessment is thus stated as follows:

- I. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of the Board of Directors and officers, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
- II. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
- III. According to the effective judgment items for the internal control system specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter "Establishment Regulation"), the Company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Establishment Regulation" are, based on the process of management control, for classifying the internal control into five elements: 1. Control environment; 2. Risk assessments; 3. Control activities; 4. Information and communication; and 5. Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to "Establishment Regulations."
- IV. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
- V. Based on the above-mentioned result of evaluation, the Company concludes that the internal control system (including subsidiary supervision and management) on December 31, 2022, including the design and execution of internal control related to the effectiveness and efficiency of operation, the reliability of financial reporting, the compliance of applicable law and regulations has been effective and they can reasonably assure the aforesaid goals have been achieved.
- VI. This statement will be the main content of annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the meeting of Board of Directors on March 6, 2023 and those 10 directors in presence all agree at the content of this statement and no one object it.

UPC Technology Corporation
Chairman : Miao, Matthew Feng Chiang
President : Ko, Yi-Shaw

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None

(XI) During 2022 and as of the date of annual report, any penalty imposed in accordance with the law upon the Company or its internal personnel or any penalty imposed by the Company upon its internal personnel for violations of internal control system provisions, where the results of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings and the condition of improvement: None.

(XII) During 2022 and as of publish the date of annual report, material resolutions of shareholders' meeting and board of directors meeting.

1. Shareholders' Meeting

Date	Item	Important resolution items	Implementation situation
May 26, 2022	1	Ratification of 2021 business report and financial statements.	Follow the resolution result.
	2	Ratification of 2021 profit distribution. Cash dividends: NT\$1 per share.	The cash dividends record date of April 1, 2022 and have been distributed on April 27, 2022.
	3	Approved amendment of the article of incorporation.	The MOEA approved the registration on June 20, 2022, and disclosed on company website.
	4	Approved amendment of the Rules of Procedure for Shareholders Meetings.	The amended procedure has been announced on the Company's website, and handled in accordance with the amendment
	5	Approved amendment of the Procedures for Acquisition or Disposal of Assets.	The amended procedure has been announced on the Company's website, and handled in accordance with the amendment

2. Board of Directors

Date	Item	Summary of important items	Implementation situation
January 18, 2022	1	Resolved to approve the establishment of the Risk Management Committee and the appointment of committee members.	List of committee members: Mr. Jung-Chiou Hwang, Mr. Paul P. Wang and Mr. Wenent P. Pan. Has been announced on the Market Observation Post System.
March 8, 2022	1	Resolved to pass the 2021 financial statements.	Has been announced on the MOPS and submitted to the 2022 annual general meeting for ratification, and the motion was passed by votes.
	2	Resolved to pass the 2021 profit distribution.	Resolved to approve the distribution of cash dividends of NT\$1 per share to shareholders, which has been announced on the MOPS and reported to the 2022 shareholder meeting for ratification.
	3	Resolution of matters related to the convening of the 2022 shareholder meeting, including the date, venue, reasons and period of shareholders' proposals.	Resolved to hold the 2022 annual general meeting on May 26, 2022, which has been published on the MOPS as a reference for shareholders.
May 5, 2022	1	Resolved to pass the Q1 2022 financial statements.	Has been announced on the Market Observation Post System.
	2	Resolved to approve the issuance of domestically secured corporate bonds.	Has been announced on the Market Observation Post System.
August 3, 2022	1	Resolved to pass the Q2 2022 financial statements.	Has been announced on the Market Observation Post System.
November 8, 2022	1	Resolved to pass the Q3 2022 financial statements.	Has been announced on the Market Observation Post System.
	2	Resolved to approve the adjustment of the Company's investment structure.	Obtained 100% equity in UPC Chemical Malaysia, a subsidiary of Prestige Spring. This project was in response to the adjustment of the Group's shareholding structure and had no impact on the Company's financials and shareholders' equity. It has been announced on the MOPS.

Date	Item	Summary of important items	Implementation situation
March 6, 2023	1	Resolved to pass the 2022 financial statements.	Has been announced on the MOPS and submitted to the 2023 annual general meeting.
	2	Resolved to pass the 2022 profit distribution.	Resolved to pass the distribution of shareholder dividends of NT\$0.2 per share, which has been announced on the MOPS and submitted to the 2023 shareholder meeting.
	3	Resolution of matters related to the convening of the 2023 shareholder' meeting, including the date, venue, Meeting method, convene reasons and period of shareholders' proposals.	Resolved to Convene the 2023 annual general shareholder' meeting on May 24, 2023, which has been published on the MOPS as a reference for shareholders.

(XIII) During 2022 and as of the publish date of annual report, the main content of opinions that the director has expressed a different opinion to material resolution and that is on record or stated in a written statement: None.

(XIV) During 2022 and as of the publish date of annual report, the summary of resignation of chairman, president, chief accounting officer, chief financial officer, internal audit officer, Company Secretary and chief research & development officer, etc.: None.

V. Information Regarding the Audit Fee

(I) Audit fees paid to the CPA and the accounting firm and the amount of audit and non-audit of the affiliates and the content of non-audit services:

Unit: In NT\$ thousands

Name of Accounting Firm	Name of the certified public accountant	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Liu, Chien-Liang	2022	4,500	1,575	6,075	
	Lin, Wen-Chin					

The 2022 non-audit fees include tax audit of NT\$700 thousand, transfer pricing-related books for NT\$350 thousand, translation of financial reports into English for NT\$170 thousand, Investment Commission's audit forms for NT\$110 thousand, audit of capital for NT\$80 thousand, annual reports for shareholder meeting for NT\$50 thousand, review opinions on the issuance of corporate bonds for NT\$50, direct deduction of projects for professional business operators at NT\$35 thousand and review of full-time employees' salary for NT\$30 thousand.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

VI. Information on Replacement of CPA: None.

VII. Where the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VIII. During 2022 and as of the publish date of annual report, information of any equity transfer and pledge of equity interests by directors, managerial officers, and shareholders with over 10% Shareholdings

(I) Transfer of equity interests of directors, managerial officer and major shareholders Unit: Shares

Title	Name	2022		As of March 26, 2023	
		Shareholding Increase (Decrease)	Pledged shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged shareholding Increase (Decrease)
Chairman & CSO	Lien Hwa Industrial Holdings Corp. Rep.: Miao, Matthew Feng Chiang	-	-	500,000	-
Director	Lien Hwa Industrial Holdings Corp.	-	-	-	-
	Rep.: Chen, Chun	-	-	-	-
	Rep.: Jiang, Hui Jong	-	-	-	-
	Rep.: Lin, Hsin-Hung	-	-	-	-
Over 10% Major Shareholders	Lien Hwa Industrial Holdings Corp.	-	-	-	-
Director & President	Ko, Yi-Shaw	323,000	-	-103,000	-
Director	Hsueh, Chang-Wei	-	-	-	-
Director	Miao, Feng-Sheng	-	-	-	-
Independent Director	Pan, Wenent P	-	-	-	-
Independent Director	Wang, Paul P.	-	-	-	-
Independent Director	Hwang, Jung-Chiou	-	-	-	-
Executive Vice President	Bih, Ann	312,000	-	-	-
Vice President	Wu, Cheng-Chien Simon	-360,000	-	-	-
Plant Manager	Fang, Hung-Ching	-120,000	-	-	-

(II) Information of equity transfer: None.

(III) Information of equity pledge: None.

IX. Relationship among the company's top 10 shareholders its any one is a related party or a relative within the second degree of kinship

Relationship among the Top 10 Shareholders

March 26, 2023

Unit: : share : %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within two degrees		Remarks
	Share Numbers	%	Share Number	%	Share Number	%	Name	Relationship	
Lien Hwa Industrial Holdings Corp.	424,880,973	31.32	-	-	-	-	MiTAC Synnex Yi Yuan	Same chairman. Same chairman. The company rep. director is Yi yuan's chairman.	
Rep.: Miao, Matthew Feng Chiang	4,919,004	0.36	-	-	-	-			
Synnex Technology International Corp.	68,992,033	5.09	-	-	-	-	Lien Hwa MiTAC Tong Da	Same chairman. Same chairman. The company rep. director is Tong Da's chairman.	
Rep.: Miao, Matthew Feng Chiang	4,919,004	0.36	-	-	-	-			
Yi Yuan Investment Co., Ltd.	21,532,067	1.59	-	-	-	-	Lien Hwa	The chairman is Lien Hwa's rep. director	
Rep.: Sun Song-En	84,815	0.01	-	-	-	-			
Liberty Stationery Corp.	20,655,409	1.52	-	-	-	-	-	-	
Rep.: Kadota Akiteru	-	-	-	-	-	-			
Mei An Investment Co., Ltd.	19,830,926	1.46	-	-	-	-	-	-	
Rep.: Hsu, Ih-Chen	-	-	-	-	-	-			
Tsu Fung Investment Corp.	17,460,231	1.29	-	-	-	-	MiTAC	The chairman is MiTAC's rep. director	
Rep.: Ho, Jhi-Wu	-	-	-	-	-	-			
MiTAC International Corp.	16,179,560	1.19	-	-	-	-	Lien Hwa Synnex Tsu Fung	Same chairman. Same chairman. The company rep. director is Tsu Fung's chairman.	
Rep.: Miao, Matthew Feng Chiang	4,919,004	0.36	-	-	-	-			
Pornchai Engineering and Trading Corp.	14,977,435	1.10	-	-	-	-	-	-	
Rep.: Terawat Techapongvorachai	-	-	-	-	-	-			
Tong Da Investment Corp.	14,510,176	1.07	-	-	-	-	Synnex	The chairman is Synnex's rep. director	
Rep.: Chou, Teh-Chien	-	-	-	-	-	-			
Investment account of Norges Bank managed by Citibank Taiwan	13,489,449	0.99	-	-	-	-	-	-	

X. The number of shares held by the company, the company's directors, managers and the business of the same investment company directly or indirectly controlled by the company, and the consolidated shareholding ratio

Consolidated shareholding ratio

December 31, 2022 Unit: thousand share , %

Investee	Shareholdings by the Company (Note)		Direct or Indirect Shareholdings by Directors/Supervisors/Managers		Total Ownership	
	Share holding	%	Share holding	%	Share holding	%
CHL	433,310	100	-	-	433,310	100
Glory Ace	605	100	-	-	605	100
Union Venture Capital Corp.	22,701	100	-	-	22,701	100
Wei Chen Investment Corp.	16,000	100	-	-	16,000	100
Taiwan Union Int'l Investment Corp.	78,719	100	-	-	78,719	100
UPC Chemicals (Malaysia)	163,427	100	-	-	163,427	100

Note: Investments under equity method.

Capital Information

I . Capital and Shares

(I) Source of capital

1. Issued Shares

March 31, 2023 ; Unit: share/NT Dollar

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Share Numbers (share)	Amount (NT\$ dollar)	Share Numbers (share)	Amount (NT\$ dollar)	Sources of Capital	Capital Increased by property except Cash	Others
2022/02	10	2,000,000,000	20,000,000,000	1,347,857,607	13,478,576,070	Employee stock option warrant subscription (Note 1)	None	None
2022/06	10	2,000,000,000	20,000,000,000	1,350,495,607	13,504,956,070	Employee stock option warrant subscription (Note 2)	None	None
2022/08	10	2,000,000,000	20,000,000,000	1,350,585,607	13,505,856,070	Employee stock option warrant subscription (Note 3)	None	None
2022/11	10	2,000,000,000	20,000,000,000	1,354,762,607	13,547,626,070	Employee stock option warrant subscription (Note 4)	None	None
2023/02	10	2,000,000,000	20,000,000,000	1,355,267,107	13,552,671,070	Employee stock option warrant subscription (Note 5)	None	None
2023/03	10	2,000,000,000	20,000,000,000	1,356,578,607	13,565,786,070	Employee stock option warrant subscription (Note 6)	None	None

Note1 : February 21, 2022 Ching-Shou-Shang-Tzi No. 11101015160

Note1 : June 14, 2022 Ching-Shou-Shang-Tzi No. 11101103750

Note2 : August 31, 2022 Ching-Shou-Shang-Tzi No. 11101158060

Note4 : November 21, 2022 Ching-Shou-Shang-Tzi No. 11101220000

Note5 : February 10, 2021 Ching-Shou-Shang-Tzi No. 11230017460

Note6 : Has not been registration yet

2. Type of Stock

March 31, 2023 ; Unit: share

Share Type	Authorized Capital			Remarks
	Listed Shares	Un-issued Shares	Total Shares	
Common stock	1,356,578,607	643,421,393	2,000,000,000	Belong to List-Company stock

3. Information for Shelf Registration: None

(II) Composition of Shareholders

March 26, 2023

Type of Shareholders Qty	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury Stock	Total
Number of Shareholders	4	4	127	218	68,290	1	68,644
Shareholding (shares)	43,765	3,690,646	672,153,469	144,398,707	497,627,020	38,665,000	1,356,578,607
Percentage	0.00	0.27	49.56	10.64	36.68	2.85	100.00

(III) Shareholding Distribution Status

1. Common Shares

March 26, 2023

Range of Shareholding	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1~ 999	19,886	4,769,654	0.35
1,000 ~ 5,000	33,068	75,926,229	5.60
5,001~ 10,000	7,438	58,388,436	4.30
10,001~ 15,000	2,593	32,779,557	2.42
15,001~20,000	1,622	29,976,677	2.21
20,001~30,000	1,447	36,741,083	2.71
30,001~40,000	656	23,430,376	1.73
40,001~50,000	474	22,016,681	1.62
50,001~100,000	809	57,717,649	4.25
100,001~200,000	348	49,342,864	3.64
200,001~400,000	154	42,410,961	3.13
400,001~600,000	52	26,158,967	1.93
600,001~800,000	26	17,950,674	1.32
800,001~1,000,000	8	7,492,452	0.55
1,000,001 or over	63	871,476,347	64.24
Total	68,644	1,356,578,607	100.00

2. Preferred Shares : None

(IV) Major Shareholders

March 26, 2023

Item	Shareholders	Shareholding (share)	Shareholding Percentage (%)
1	Lien Hwa Industrial Holdings Corp.	424,880,973	31.32
2	Synnex Technology International Corp.	68,992,033	5.09
3	Yi Yuan Investment Co., Ltd.	21,532,067	1.59
4	Liberty Stationery Corp.	20,655,409	1.52
5	Mei An Investment Co., Ltd.	19,830,926	1.46
6	Tsu Fung Investment Corp.	17,460,231	1.29
7	MiTAC International Corp.	16,179,560	1.19
8	Pornchai Engineering and Trading Corp.	14,977,435	1.10
9	Tong Da Investment Corp.	14,510,176	1.07
10	Investment account of Norges Bank managed by Citibank Taiwan	13,489,446	0.99

(V) In the recent two years, the market price, net worth, earnings per share, dividends per share and relevant information.

Year			2021	2022	As of March 31, 2023
Item					
Market price per share	Highest		NT\$32.30	NT\$22.40	NT\$15.85
	Lowest		NT\$14.25	NT\$11.65	NT\$13.35
	Average		NT\$24.89	NT\$17.10	NT\$14.87
Net worth Per share	Before distribution		NT\$22.84	NT\$19.83	-
	After distribution		NT\$21.83	NT\$19.63	-
Earnings per share	Weighted average shares before adjustment		1,297,478 thousand shares	1,313,101 thousand shares	-
	Weighted average shares after adjustment		1,297,478 thousand shares	1,313,101 thousand shares	-
	Earnings per share before adjustment		NT\$1.66	NT\$-0.94	-
	Earnings per share after adjustment		NT\$1.66	NT\$-0.94	-
Per share Dividends	Cash dividends		NT\$1.00	NT\$0.20	-
	Uncompensated distribution of shares	From retained earnings	-	-	-
		From Capital reserve	-	-	-
	Accumulated Undistributed dividends		-	-	-
Investment Return Analysis	Price to earnings ratio (Note 1)		14	*	-
	Price to dividend ratio (Note 2)		23	80	-
	Cash dividend yield (Note 3)		4%	1%	-

* The number is negative, therefore, it is not listed.

Note 1. Price to earnings ratio = the average closing price in the fiscal year / earnings per share.

Note 2. Price to dividend ratio = the average closing price in the fiscal year / cash dividend per share.

Note 3. Cash dividends yield = cash dividends per share / the average closing price in the fiscal year.

(VI) Dividend policy of the Company and implementation

1. The dividends policy prescribed in the Company's Articles of Incorporation

After final account if there is earning in current year's earnings, the earnings shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10 percent as legal reserve. The Company may then appropriate a certain amount as special reserve according to the relevant regulations. The residual earnings, plus the accumulated undistributed earnings, may be appropriated to shareholders according to the distribution plan proposed by the board of directors. If such surplus earning is distributed in the form of new share, it shall be submitted to the shareholders' meeting for approval. If such surplus earning is distributed in the form of cash, it is authorized to the board of director to decide after a resolution has been adopted by a super majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The industry environment of the Company rapidly changes. The business life cycle is in the stable improvement stage and the Company will control the economic environment to pursue sustainable operations. When the board of directors proposes the earnings distribution proposal, it should consider the Company's long-term financial planning, future money need and shareholder interest protection to decide the distribution type, distribution amount and distribution timing. Generally speaking, the cash dividends and bonus shall not be lower than 10% of the total shareholders' dividends and bonus in the fiscal year. However, the shareholders' meeting can resolve to adjust it because of financial structure improvement, expansion and other material capital expenditures.

2. The Company will maintain a stable dividend policy with a dividend amount of not less than 30% of the current year's earnings appropriated and distributed to shareholders.

3. The dividends distribution status in 2022.

Based on the above principle, the board of directors has resolved that the 2022 dividends distribution, cash dividends is NT\$0.2 per share on March 6, 2023. The cash dividends is scheduled to be distributed on April 26, 2023.

The shareholder dividend is fully distributed in cash. It is in compliance with the dividends policy that cash dividends shall not be lower than 10%.

4. The explanation of the material change of proposed dividend policy: The proposed dividends policy does not have material changes.

(VII) Effect upon business performance and earnings per share of any stock dividends distribution proposed or adopted at the most recent shareholders' meeting: Not applicable

(VIII) Compensation of employees and directors

1. The percentages or ranges with respect to employees' and director's compensation, as set forth in the company's Articles of incorporation:

If the Company has earnings after offsetting the prior years' accumulated losses, if any, the Company should distribute no less 1% of the earnings as employees' compensation and no more than 1% of the earnings as directors' compensation.

2. The basis for estimating the amount of employees' and directors' compensation, for calculating the number of shares to be distributed as employee compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

(1) The basis for estimating the amount of employees' and directors' compensation: The consideration estimation is based on the business performance on the current term.

(2) Calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If there is any number change after acknowledgment of the annual financial report, it will comply with accounting estimation change and will record the adjustment on the distribution year.

3. Information on any approval by the board of directors of distribution of compensation:

Unit: NT\$ thousands

2022 compensation of employees and directors	The resolution of board of directors (March 6, 2023)
Employee compensation (cash)	0
Director compensation (cash)	0

(1) If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause and the status of treatment shall be disclosed: If there is any number change after the announcement date, it will comply with the accounting estimation change and will record the adjustment on the distribution year.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

4. The actual distribution of employees' and directors' compensation for the previous fiscal year (with an indication of the number of shares, monetary amount and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employees', directors', or supervisors' compensation, additionally the discrepancy, cause, and how it is treated.

Unit: NT\$ thousands

2021 compensation of employees and directors	The resolution of board of directors (March 8, 2022)	The actual distribution amount
Employee compensation (cash)	32,000	32,000
Director compensation (cash)	10,000	10,000

The discrepancy, its cause, and the status of treatment:

There is no discrepancy between the distribution number of the 2021 compensation for the employees and directors by the resolution of the board of directors and the recognized number in the financial statement.

(IX) Implementation status of Treasury Stock

1. Execution Completed:

March 31, 2023

Batch No. of repurchases	16 th	17 th	18 th
Purpose of Repurchase	transfer to employee	transfer to employee	transfer to employee
Repurchase period	2020/3/16 ~ 2020/05/15	2020/06/11 ~ 2020/08/10	2021/08/07 ~ 2021/10/06
Repurchase price range (NT\$ dollar)	8.30-11.30	8.60-11.50	11.00-14.00
Completed share repurchase type and quantity	common shares 10,000,000 shares	common shares 10,000,000 shares	common shares 20,000,000 shares
Amount of capital stock repurchased (NT\$ dollar)	93,355,874	100,558,287	260,178,894
The actual repurchased in proportion to plan repurchased (%)	100	100	100
Number of shares cancellation or transferred	1,335,000 shares (Note)	0 shares	0 shares
The accumulated number of its own shares that the company holds	8,665,000 share	18,665,000 shares	38,665,000 share
Accumulated quantity of company holding in proportion to total company outstanding shares (%)	0.64%	1.38%	2.85%

Note: Transferred on October 22, 2021.

2. In progression : None.

II. Implementation status of Corporate Bonds

Corporate Bond Type	UPC TECHNOLOGY CORPORATION 1st Secured Corporate Bonds Issued in 2018	UPC TECHNOLOGY CORPORATION 1st Secured Corporate Bond Issue in 2022
Issue date	December 21, 2018	July 26, 2022
Denomination	NT\$1,000,000	NT\$1,000,000
Issuing and transaction location	not applicable	not applicable
Issue price	Issue by denomination	Issue by denomination
Total price	NT\$6,000,000,000	NT\$3,000,000,000
Coupon rate	0.95%	1.8%
Tenor	5years Maturity: December 21, 2023	5years Maturity: July 26, 2027

Guarantee agency	Joint-guarantee provided by Mega International Commercial Bank (Lead manager), Bank of Taiwan, First Commercial Bank, Hua Nan Commercial Bank Ltd., The Shanghai Commercial & Savings Bank Ltd., Chang Hwa Commercial Bank Ltd., Taiwan Cooperative Bank, and E. Sun Commercial Bank Ltd. With liability of 25%, 18%, 15%, 13%, 11%, 8%, 5%, and 5% of the issuing amount accordingly.	Total amount NT\$3 billion; comprised of NT\$1.5 billion Tranche A, NT\$1 billion Tranche B and NT\$0.5 billion Tranche C. Tranche A: Mega International Commercial Bank Co., Ltd., Tranche B: Bank of Taiwan Co., Ltd. and Tranche C: Hua Nan Commercial Bank, Ltd., according to the entrustment guarantee contract signed by the individual and the performance of the corporate bonds guarantee contract.
Consignee	Taipei Fubon Commercial Bank Co., Ltd.	Bank Sinopac Company Limited
Underwriting institution	Mega Securitids Co., Ltd.	Mega Securitids Co., Ltd.
Certified lawyer	Yue, Chung Chieh Law Firm Yue, Chung Chieh	Yue, Chung Chieh Law Firm Yue, Chung Chieh
CPA	Deloitte & TOUCHE CPA Kuo, Wen-Chi	Deloitte & TOUCHE CPA Liu, Chien-Liang
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal	NT\$6,000,000,000	NT\$3,000,000,000
Terms of redemption or advance repayment	Not applicable	Not applicable
Restrictive clause	None	None
Name of credit rating agency, rating date, rating of corporate bonds	Not applicable	Not applicable
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Not applicable
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	Not applicable	Not applicable
Transfer agent	Not applicable	Not applicable

In case of convertible corporate bonds, exchangeable corporate bonds and the registration of corporate bonds or corporate bonds with warrants, it should be according to its nature and follow the table format to disclose convertible bonds, exchangeable corporate bonds, the registration of corporate bonds or corporate bonds with warrants and corporate bonds with warrants: Not applicable.

III. Implementation status of Preferred Shares: None.

IV. Implementation status of Issuance of Global Depositary Receipts: None.

V. Implementation status of Issuance of Employee Stock Warrants:

1. The unexpired employee stock warrants issued by the Company in existence as of the date of publication of the annual report, and the effect of such warrants upon shareholders' equity:

March 31, 2023 : Unit: NT\$ dollar, share

The type of employee stock warrants	The 7 th employee stock warrant								
The effective date of declaration and Approval total units (Note 1)	The effective date of declaration: December 26, 2018 Approval total units: 40,000								
Issuance date	August 15, 2019								
Issued quantity	40,000								
Unissued quantity	0								
Quantity subscribed shares in proportion to total outstanding shares	3.00%								
Valid duration	6 years								
Performance	Issue new stock shares								
Restricted exercise period and percentage	With exception for the lock-up period in accordance with the law, an employee may request for exercising the employee stock warrants pursuant to the below schedule after 2 full years since the issuance of the employee stock warrants and before 10 days of expiration date. <table> <tr> <td><u>Schedule</u></td><td><u>Exercisable subscription ratio</u></td></tr> <tr> <td>After the period of 2 years</td><td>50%</td></tr> <tr> <td>After the period of 3 years</td><td>75%</td></tr> <tr> <td>After the period of 4 years</td><td>100%</td></tr> </table>	<u>Schedule</u>	<u>Exercisable subscription ratio</u>	After the period of 2 years	50%	After the period of 3 years	75%	After the period of 4 years	100%
<u>Schedule</u>	<u>Exercisable subscription ratio</u>								
After the period of 2 years	50%								
After the period of 3 years	75%								
After the period of 4 years	100%								
Quantity of warrants exercised	24,231,000 shares								
Amount of warrant exercised	NT\$213.222,700								
Quantity of warrants unexercised (Note 2)	15,179,500 shares								
Subscription price per share of the warrants unexercised	NT\$8.5								
Quantity unsubscribed shares in proportion to total outstanding shares	1.12%								
Effect on shareholders' equity	Two years after the issuance of employee warrants, the warrant holders can exercise employee warrants in accordance with the terms and conditions of the rules governing and issuing employee warrants. Therefore, it has not caused any actual significant effect on shareholders' equity.								

Note 1. Each unit of employee subscription warrant can subscribe 1,000 shares of the Company's common shares.

Note 2: It is net of the forfeited stock shares.

2. The names of managers and top ten employees holding employee stock warrants and the cumulative number of such warrants granted and exercised by said managers and employees.
March 31, 2023 : Unit: NT\$ dollar, share

	Title	Name	Shares of obtained stock warrant	Percentage of obtained stocks to outstanding shares (%)	Exercised				Unexercised			
					Quantity	Exercise price (NT\$)	Subscription Amount	Percentage of exercised warrant to total outstanding shares (%)	Quantity	Exercise price (NT\$)	Subscription Amount	Percentage of exercised warrant to total outstanding shares (%)
Managers	President	Ko, Yi-Shaw	5,708,000	0.42	2,672,000	8.5 8.9	23,532,800	0.20	3,036,000	8.5	25,806,000	0.22
	Executive Vice President	Bih, Ann										
	Vice President	Wu, Cheng-Chien Simon										
	Chief Strategy Officer	Miau, Matthew Feng Chiang										
	Plant Manager	Fang, Hung-Ching										
employees	President of Subsidiary	Chang, Te-Wei	8,192,000	0.60	3,302,000	8.5 8.9	29,069,400	0.24	4,890,000	8.5	41,565,000	0.36
	President of Subsidiary	Hsu, Tzu-Cheng										
	President of Subsidiary	Wu, Wei-Ting										
	President of Subsidiary	Cheng, Hsi Tien										
	President of Subsidiary	Chung, Yi-Yao										
	Vice President of Subsidiary	Yang, Ching-Fu										
	Vice President of Subsidiary	Bai, Qing-Hua										
	Plant Manager of Subsidiary	Li, Xi-Jun										
	Plant Manager of Subsidiary	Wu, Heng-Ping										
	Special Assistant	Jiang, Hui Jong										
	Assistant Vice President	Hsu, Chih-Shiao										
	Assistant Vice President	Kao, Chien-Yang										
	Senior Manager	Yu, Hui-Chen										
	Senior Manager	Hsieh, Tso-Ming										
	Senior Manager	Ma, Chao-Chen										
	Senior Manager	Huang, Wen-Tan										

VI. Implementation status of Issuance of New Restricted Employee Shares: None.

VII. Implementation status of Issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

VIII. Financing Plans and Implementation

(I) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(II) Status of implementation: Not applicable.

Operational Highlights

I . Business Overview

(I) Business Scope

1. The content and ratio of main business

The main business of the Company is manufacture and sale phthalic anhydride (PA), plasticizer (DEHP, DINP...), etc. The phthalic anhydride business weighs 9%, the plasticizer business weighs 71%, and the polyvinyl chloride resin (PVC) business weighs 15%. The markets cover Taiwan, China, Southeast Asia, Japan, the Middle East, India, Africa, New Zealand and Australia, the United States and Canada. The Company is one of the largest suppliers of plasticizers, phthalic anhydride and malic anhydride in the Far East area.

2. Products

Product Type	Product
Plasticizer	Bis(2-ethylhexyl) Phthalate (DEHP)
	Diisononyl Phthalate (DINP)
	Di(2-Propyl Heptyl) Phthalate (DPHP)
	Dibutyl Phthalate (DBP)
	Bis(2-ethylhexyl) Terephthalate (UN488(DOTP))
	Diisononyl Terephthalate UN499 (DINT)
	Tri(2-ethylhexyl) Trimellitate (TOTM (TEHTM))
	Tri-isononyl Trimellitate (UN399(TINTM))
	Trioctyl Trimellitate (TNOTM)
	Di(2-ethylhexyl) Adipate (DOA)
	Adipate Plasticizer (DINA)
	Di(2-propyl heptyl) Adipate (UN100 (DPHA))
	Hydrogenated Phthalate (UniHydro®UN899(DINCH))
	Polyester Plasticizer (UN600 series)
	Di(2-ethylhexyl) Maleate (DOM)
	Di(2-ethylhexyl) Sebacate (DOS)
	Epoxidized soybean oil (ESBO)
	Linear plasticizer (UN200(DnDP) 、UN291(911P) 、UN380 (810TM))
	Other bio-based plasticizer (UN9138 、UN9375 、UN9430 、UN9470)
Acid & Anhydride	Phthalic Anhydride (PA)
	Fumaric Acid (FA)
	Maleic Anhydride (MA)
Plastic	PVC
Other Specialty Chemicals	Polyester polyol
	Fatty Esters
	Unsaturated Polyester Resins (UPR)

3. New Products development

(1)	Different grades of unsaturated polyester resins	(5)	Bio-based plasticizer
(2)	Polyester plasticizer	(6)	Carbonate plasticizer
(3)	Polyester polyol	(7)	Biodegradable plastics
(4)	Hydrogenated plasticizer		

(II) Industry overview

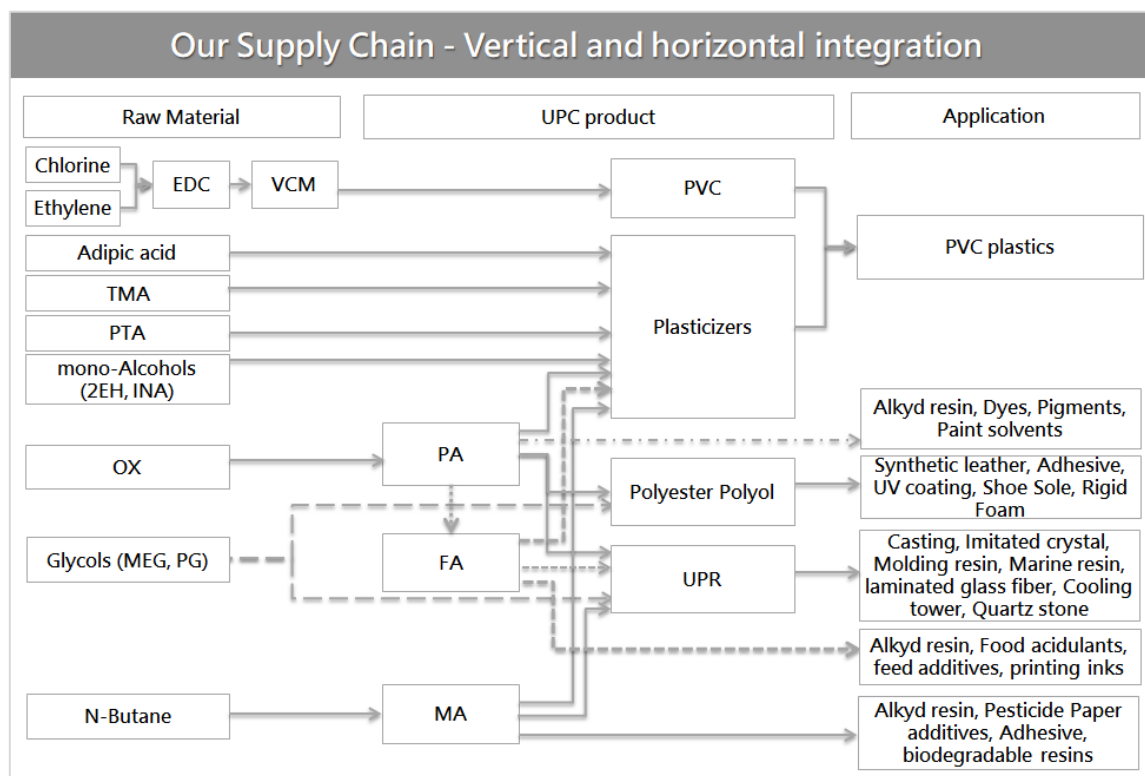
1. The current situation and development of the industry

The overall industry structure has adjusted in recent years. In Taiwan, the industry is gradually oriented towards R&D innovation and value-added enhancement. China is moving towards being the world's factory. With the expansion of the China market, the demand for PVC and plasticizers is increasing. The global market has certain demand for low-toxicity and special-purpose plasticizers and they are also our future development goals.

In Taiwan, the manufacturing capacity of plasticizers and acid anhydrides is more than the total demand in the domestic market. Most of the capacity needed to be exported. In recent year, the key export markets were North America, central and South America, Australia markets. UPC's factories in China has developed rapidly. Our Zhongshan Plant, Zhuhai Plant, Zhenjiang Plant, Taizhou Plant, Nanchong Plant and Panjin Plant have been in commercial operations and continued to expand. Besides, UPC produced and sold in the Malaysian factory and developed and exported to Southeast Asia, India, Africa and other emerging markets. This fully demonstrates the implementation of the business vision of the global market.

In addition to Taiwan and China market, in recent year, because of the cheap cost of land the labor, the improving infrastructure and the rapid growth economic, many key countries in ASEAN such as Malaysia, Indonesia, Thailand and Vietnam, etc. have become emerging markets. UPC Chemicals (Malaysia) SDN. BHD is vigorously planning to simultaneously expand its business and sales layout in Southeast Asia market (including India and Africa markets). With the advantages of import tariff exemption between ASEAN countries and rapid supply in the nearest market, it is expected to have significant benefit to future business growth.

2. Connection of industry upstream, midstream and downstream



3. The trend of product development and competition situation.

Plasticizer is one of the world's largest manufacturing and consumption plastic additives. It is the maximum consumption and the most important additive for PVC processing. It has an important role in the area of rubber coatings, adhesives and sealing materials, etc. In recent years, the great China area has become an area that manufactures and consumes plasticizers the most. In accordance with the

economic growth and technological development, the growth of plasticizer brings new and high requirements to industrial plasticizer. Environmental awareness has been raised worldwide. The packaging for medicine and food, daily necessities, toys and other plastic products has proposed stricter safety requirements for plasticizers. New types of plasticizers such as citric acid esters, raw succinates, epoxy compounds, non-benzene hydrogenated plasticizer, etc. have been favored due to green environmental protection and have good board application prospects.

An increasing number of downstream products have restrictions on phthalic plasticizers, leading many companies to increase the production of dioctyl terephthalate (DOTP). The Company is currently planning to expand the DOTP production capacity in Zhuhai, Taizhou, Panjin and other places, and expand the DINP production line in Taiwan. They will be completed in 2022. The market of various plasticizer has become more and more competitive and the market of some plasticizer has gone down because of the environmental protection regulation. The demand of Non-o-phenyl plasticizer increases rapidly. The demand for plasticizers with green environmental protection increases rapidly and relevant companies enlarge their technology investment. The consumption amount of traditional plasticizers will further go down. However, the Company manufactures various types of environmental protection products and has a big market share (UniHydro®UN899 (DINCH)). This gives the Company a competitive advantage.

The company has committed to the development of various new environmentally friendly and non-toxic plasticizers for many years, and has successfully launched a series of environmentally friendly and bio plasticizer products. The Company has big improvement, from R&D to commercialization, on environmentally friendly plasticizer, including successful mass production of UniHydro® UN899 (DINCH) of hydrogenated phthalate plasticizer and epoxidized soybean oil plasticizer. In the next few years, to make further contribution to industry and society, the Company will steadily increase the amount of environmentally friendly plasticizer in replacement of the traditional plasticizer.

(III) Technology and R&D Overview

1. R&D Expenditures

2022	: Around NT\$ 29,862 thousands
2023 (As of March 31)	: Around NT\$ 6,697 thousands

2. Successful development of technology and product

- (1) The new product of unsaturated polyester resin is applied in pilot production and marketing promotion to artificial stone resin.
- (2) The new product of Polyester plasticizer is applied in pilot production and marketing promotion to flexible PVC product.
- (3) The new product of special plasticizer is applied in pilot production and marketing promotion to anti-fogging and temperature resistant products.
- (4) The development of new product of environmentally friendly plasticizer completed. The product has gone into pilot production and customer certification.
- (5) The new product of Polyester polyol is applied in the development, pilot production and promoted to high-level PU product.
- (6) The development of most suitable production process for new product.

3. The management of intellectual property

The Company continue to expand its scale and introduce new products. Except to the significant increase in the industry's market share, the special plasticizers have gradually developed towards high-performance materials. In addition to the parent company's R&D headquarters in Linyuan; each subsidiary in mainland China has a R&D department. The parent company integrate all resources in R&D activities and make sure all resource is used in the most efficient way. For the long-term development plan, the Company set up a Taiwan R&D center and use this platform to train high-level talents. The Company also develop and establish high-value

autonomous technology through industry-university-research cooperation and strategic alliance with major international technology companies and actively develop high value-added products, high-performance materials and special chemicals for petrochemical downstream and related industries. In addition to recurring new talent reserves and improving the R&D system, it is our goal to entrepreneurial sustainable development and cultivation in Taiwan. The trends of R&D are the new generation of green chemicals, such as new varieties with environmentally-friendly characteristics, military applications, or plasticizers with extreme temperature difference and durability; development new process aiming to energy saving or new process technology; and focusing on high-value special chemicals. The Company cooperate with research institutions to develop high-value PVC products and environmentally-friendly plasticizer high-value products. Each R&D result of high-value products of bio-plasticizers jointly developed with research institutions will apply for patent protection. In recent years, several patent rights were granted to the Company.

(IV) The long/short term business development plan

1. Short-term

- To sell the core product and develop the new application and to develop special plasticizers for downstream industries
- Non-phthalic anhydride series plasticizer
- Development of Polyester polyol
- Benzene-free environment friendly plasticizer, UniHydro®UN899, has been produced in the Panjin, Taizhou and Taiwan.
- Expand the production capacity of acid anhydride products and plasticizer products, which is beneficial to increasing the Company's sales.
- Introduce hydrogenation technology and develop benzene-free plasticizer
- Replace 2EH with INA and develop high-carbon chain plasticizer
- Development of Plasticizer special formula
- Increasing sales of PVC

2. Long-term

In order to increase the market share of plasticizers, the Company continues to cultivate the existing markets in South China and East China. It actively increases the customer base in North China, Northeast China, Southwest China and coastal areas, and at the same time, promotes the distributor system to serve customers that have smaller demand for volume to improve business efficiency. The Company strengthens its sales efforts in the ASEAN Free Trade Area, and Europe and North America which has always expected high-quality and value-added products to create more profit and value for the Company, and at the same time develops PVC upstream raw materials to improve product competitiveness.

II . Market and Sales Overview

(I) Market Analysis

1. Main products sales region

Unit: NT\$ thousands

Item	Year	2022	
		Amount	%
Export	Asia	67,121,430	92%
	Other area	2,137,142	3%
Domestic		3,561,071	5%
Total		72,819,643	100%

Note: Domestic sales include the sales in Taiwan.

2. The market share: The main product market is in Mainland China, Southeast Asia and Taiwan. The market share in China is around 25% and in Southeast Asia is around 20%.

3. The future supply, demand and its growth.

The Company is the world's largest supplier of acid anhydrides and plasticizers, and the supply of products is unhindered. In recent years, China's environmental protection regulations have become stricter. With changes to the PVC industry structure, we will gradually phase out high-pollution and high-energy-consuming PVC production capacity. The Company's ethylene process is more competitive, and it will further promote environmentally friendly plasticizers and develop niche types to increase the market share in China. At the same time, in order to continue to plan strategically for Thailand, Vietnam, Indonesia and other Southeast Asian markets to enjoy tariff concessions, the Company established local distribution companies in Vietnam and Thailand in 2019. In addition, continuous development of potential markets is the future focus for growth.

4. The pros and cons and response strategy to competitive niche and development vision.

(1) Pros

- The company has reached the level of a world-class factory and has cost competitiveness.
- The Company has a 25% market share in Southern China, East China, Southwest China and Northeast China. The Company coordinates the production and sales management of various plant sites for flexibility, and expands its procurement and management of raw materials. The Company has high sensitivity to market conditions and easily grasps the general trend.
- PVC has been put into production smoothly and has a good market feedback. Through the overall layout, the Company has drawn up the best allocation of various sales categories, sales customers, sales regions, etc. The Company has not only maximized the current sales and profits, but also has laid a sound foundation for future expansion. In terms of market conditions, the demand for PVC will continue to grow.
- UPC Chemicals (Malaysia) SDN. BHD has completed its expansion and vigorously expanded its market share in Southeast Asian by taking advantage of the import tariff exemption between ASEAN countries and the convenience among nearby supply.
- Environmental protection requirements (sewage treatment, prohibition of coal burning, conversion to use of natural gas, smell of tail gas) are becoming stricter, which is helpful to the long-term development of the Company's factories.
- The increased energy costs of competitors makes the Company more competitive.

(2) Cons and response strategy

- The labor costs of secondary and tertiary industrial sectors in Taiwan are relatively higher than those in mainland China and Southeast Asia, and the competitiveness is relatively poor. This makes the industry move out and makes the growth of demand shrink.
- Other competitors in China keep expanding their manufacturing capacity in plasticizers, phthalic anhydride, and malic anhydride. This puts the China market in a fierce competition, and makes the product sales difficult, profits lower and profit confession.
- The international market has increasingly strict requirements for the certification of import products. For example, EU REACH, K-REACH and India's BIS certification, and exports will be affected.

Response strategy:

- In April 2019, the Company expands 150,000 tons of PCV manufacture capacity. This expansion not only increases the current market share and maximums the profits but also makes the Company move toward a world-class factory.
- In order to expand the plasticizer market, the Company continues to expand the production capacity of DOTP plasticizer in 2022, expanding the existing market share to serve more customers.
- The environmental requirements and CO2 emission standards have become stricter and calcium carbide PVC production will be limited. This is favorable to the Company which adopts ethylene process to produce PVC. The Company uses the PA/MA process reaction heat recovery to produce steam every year. 5 million tonnes of steam can be produced, and 1.156 tonnes of CO2e emissions

can be reduced, further improving the efficiency of energy-saving and carbon emissions reduction.

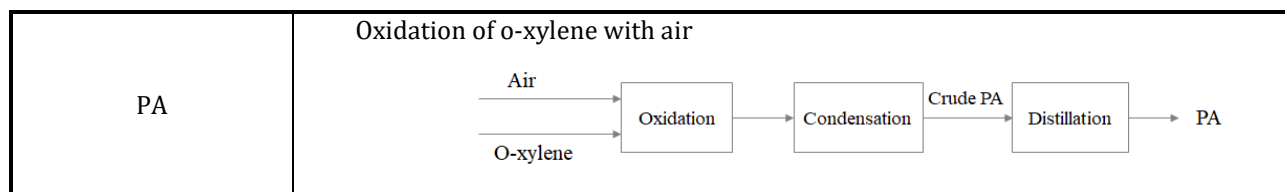
- Through overall layout, the Company planned to add a production line of plasticizer in Southern China in April 2019. The annual manufacture amount in Panjin, Taizhou and Taiwan is 80,000 tons environmental friendly plasticizer. (UniHydro®UN899 (DINCH)) respectively. The Company not only can provide our customer with diversified products but also can lay a foundation to expand the market share.
- Because the labor cost and competitor keeps to increase its manufacture capacity, the market is in a highly competitive situation. The Company will keep to lower our cost by manufacture capacity expansion, manufacture environmentally friendly plasticizer to improve our profits, keep to increase the market share and knock out the competitor with weak competitiveness.
- The Company cooperated with the certification requirements of various countries, and has started to prepare application documents and formally invited the officials from the countries to conduct factory inspection and take samples.

(II) Main application and production process of main products

Products		Main uses
Acids and anhydrides	Phthalic anhydride (PA)	Raw materials for plasticizers, unsaturated polyester resins, dyes, pigments, alkyd resins, paint solvents, insect repellents, pharmaceutical chemistry, resin hardeners
	Fumaric acid (FA)	Raw materials for unsaturated polyester resins, alkyd resins, paper sizing agents, food souring agents, feed additives, lubricant modifiers, plasticizers, printing inks, aspartic acid
	Maleic anhydride (MA)	Raw materials for unsaturated polyester resin, 1,4-butanediol, alkyd resin, pesticide chemicals, papermaking additives, latex paint vehicle and adhesive, and biodegradable plastics
General purpose phthalate plasticizer	Di(2-ethylhexyl) Phthalate (DEHP)	PVC plasticizer, suitable for hard and soft PVC products, styrofoam, rubber cloth, shoe materials, furniture, water pipes, tape, UL 60 degree wires and cables
	Diisononyl phthalate (DINP)	PVC plasticizer, suitable for soft PVC products, rubber, rubber cloth, shoe materials, furniture, water pipes, tape, UL 60 degree wires and cables
	Di-(2-propylheptyl)phthalate (DPHP)	PVC plasticizer, suitable for tape, hose, car leather, sofa leather, UL 70~90 degree wires and cables
	Dibutyl phthalate (DBP)	PVC plasticizer, suitable for water pipes, plastic boards, celluloid coatings, vinyl floor tiles, polyvinyl acetate adhesives.
Terephthalate plasticizer	Di(2-ethylhexyl) Terephthalate (DOTP)	PVC plasticizer, suitable for rubber, tape, plastic floor, UL 70 degree wires and cable insulation.
Trimellitate plasticizer	Tri(2-EthylHexyl) Trimellitate (TOTM)	PVC plasticizer, suitable for automotive interior decoration, rubber tape, hose and water pipe, UL 105 degree wires and cables
Adipate plasticizer	Di(2-ethylhexyl) Adipate (DOA)	PVC secondary plasticizer, suitable for cling film, soft rubber/tape
	Diisononyl adipate (DINA)	PVC secondary plasticizer, suitable for cling film, soft rubber/tape
	Di-(2-propylheptyl) Adipate (DPHA)	PVC secondary plasticizer, suitable for cling film, soft rubber/tape, automobile leather, wires and cables, gloves, water pipes, rubber shoes, drapes
Benzene-free hydrogenated plasticizer	Diisononyl cyclohexane-1,2-dicarboxylate (DINCH)	PVC plasticizer, benzene-free structural form gives products higher safety, especially suitable for products that come into contact with human body, such as medical

Products		Main uses
		equipment, children's toys, food packaging, gloves, flooring and other applications.
Polyester plasticizer	Adipate polyester	PVC plasticizer, suitable for cables, tapes, films, rubbers, oil-resistant boots, oil-resistant pipes, UL 105 degree wires
Linear plasticizer	Didecyl phthalate (DnDP)	PVC plasticizer, suitable for automotive interior decoration, UL 70~90 degree wires and cables, rubber tape, shoe soles
	1,2-Benzenedicarboxylic acid, di-C9-10-11-branched and linear alkyl esters (911P)	PVC plasticizer, suitable for automobile interior decoration, rubber tape, hose and water pipes, outdoor canvas, UL 70~90 degree wires and cables
	Tri (n-octyl, n-decyl) trimellitate (810TM)	PVC plasticizer, suitable for car interior, gardening water hoses, UL 105 degree wires and cables
	Tri-n-octyl trimellitate (TN0TM)	PVC plasticizer, suitable for car interior, gardening water hoses, UL 105 degree wires and cables
Bioplasticizer	Epoxidized soybean oil (ESBO)	PVC plasticizer, suitable for children's toys, materials come into contact with food, carpets, wallpapers, rubber tapes, packaging films, drinking water pipes, hoses
	Bis(2-ethylhexyl) Sebacate (DOS)	PVC plasticizer, suitable for cold-resistant wires and cables, rubber, films, adhesives, food packaging materials
	Bio-based Plasticizer (Vegetable-oil based)	PVC plasticizer, suitable for children's toys, materials come into contact with food, carpets, wallpapers, rubber tapes, packaging films, drinking water pipes, hoses
	Bio-based Plasticizer (Polyester type)	PVC plasticizer, suitable for children's toys, materials come into contact with food, carpets, wallpapers, rubber tapes, packaging films, drinking water pipes, hoses
Polyvinyl chloride (PVC)		Used in a variety of PVC products, such as pipe fittings, tapes, plastic bottles, wires and cables, toy shoe materials and high mechanical film, etc.
Unsaturated polyester resin (UPR)		Thermosetting resin, widely used in handicrafts, imitation jade/imitation crystal/transparent handicrafts, marine resin, glass fiber products, cooling water towers, quartz stone, artificial stone, etc.
Polyester polyol		Widely used in the manufacture of cast polyurethane elastomers, thermoplastic polyurethanes, polyurethane microporous materials and polyurethane foam materials for shoes, such as synthetic leather, adhesives, UV coatings, shoe soles, rigid foams, etc.
Fatty Ester		Cosmetic esters, PVC/PS internal lubricants, textile lubricants

2. Production process of main products



FA	Isomerisation of maleic acid contained in the waste water from PA plant <pre> graph LR A[waste water from PA plant] --> B[Heat treatment] B --> C[Isomerisation] C --> D[Crude FA] D --> E[Bleaching] C --> F[Filtration] F --> G[Crystallization] G --> H[Drying] H --> I[FA] </pre>
MA	Oxidation of N-butane with air <pre> graph LR A[Air] --> B[Oxidation] C[N-butane] --> B B --> D[Cooling] D --> E[Solvent absorption] B --> F[Desorption] F --> G[Crude MA] G --> H[Distillation] H --> I[Granulation] I --> J[MA] </pre>
DEHP	Esterification of PA and 2-EH <pre> graph LR A[PA] --> B[Mono esterification] C[2EH] --> B B --> D[Double esterification] D --> E[Stripping] E --> F[Distillation] F --> G[Processing tank] G --> H[Filtration] H --> I[DEHP] </pre>
Specialty plasticizer	Esterification of acid/anhydride and C4-C10 alcohols <pre> graph LR A[PA, TMA, AA] --> B[Heating] C[C4-10 alcohol] --> B B --> D[Esterification] D --> E[Removal of water and excess alcohol] E --> F[Processing tank] F --> G[Filtration] G --> H[Specialty plasticizers] </pre>
UPR & Polyol	Esterification of diacid and glycol. Then mixed with monomers & additives. <pre> graph LR A[Diacid] --> B[Esterification] C[Glycol] --> B B --> D[Filtration] D --> E[Monomer] E --> F[Dilution] F --> G[Filtration] G --> H[UPR] D --> I[Polyol] </pre>
PVC	Polymerization of VCM <pre> graph LR A[VCM] --> B[Polymerization] C[Additives] --> B B --> D[Stripping] D --> E[Filtration] E --> F[Drying] F --> G[PVC] </pre>

(III) The supply status of important raw materials

Important raw materials		
Name	Main source of supply	The supply status
2-Ethyl-hexanol	Domestic supply and import from overseas	Supply Agreement
Orthoxylene	Domestic supply and import from overseas	Supply Agreement
ISO-NONYL ALCOHOL	Domestic supply and import from overseas	Supply Agreement

(IV) The list of suppliers and clients accounting for 10% or more of the Company total procurement (sales) amount in the 2 most recent years.

1. The list of suppliers of the 2 most recent fiscal years.

Unit: NT\$ thousands; %

Item	2021				2022			
	Name	Amount	whole year net purchase ratio	Relationship with Issuer	Name	Amount	whole year net purchase ratio	Relationship with Issuer
1	Supplier W	9,836,181	12	-	Supplier W	9,043,762	13	-
2	Supplier E	9,593,822	12		Supplier A3	8,469,692	12	
3	Supplier A3	8,091,031	10	-	Supplier E	8,382,919	12	-
4	Supplier P	7,514,946	10	-	Supplier P	7,580,544	10	-
5	Others	43,721,144	56	-	Others	38,774,021	53	-
	The net procurement amount	78,757,124	100	-	The net procurement amount	72,250,938	100	-

Note: The explanation of the reason for increases or decreases in the above figures: The main consideration is the market price and supply amount of suppliers, etc.

2. The list of clients of the 2 most recent fiscal years: There is no sales amount of a signal client accounts for 10% of the Company total sales amount in 2021 and 2022.

Unit: NT\$ thousands; %

Item	2021				2022			
	Name	Amount	whole year net sales ratio	Relationship with Issuer	Name	Amount	whole year net sales ratio	Relationship with Issuer
1	Others	81,942,428	100	-	Others	72,819,643	100	-
	Net sales revenue	81,942,428	100	-	Net sales revenue	72,819,643	100	-

(V) The table of group manufacture capacity, amount and value

Unit: Tons / NT\$ thousands

Main product \ Year	2021			2022		
	Manufacture capacity	Manufacture amount	Manufacture value	Manufacture capacity	Manufacture amount	Manufacture value
Anhydride	713,500	623,195	14,628,307	764,500	550,917	18,150,284
Plasticizer	2,237,000	1,465,162	56,533,348	2,791,650	1,554,503	52,907,832
P V C	600,000	416,312	12,826,417	663,650	394,520	10,528,731
Others	121,000	44,428	396,307	60,200	29,680	1,091,261
Sum	3,671,500	2,549,097	84,384,379	4,280,000	2,529,620	82,678,108

Note: Production capacity and output are calculated based on the same bulk product

(VI) The table of group sale amount and value

Unit: Tons / NT\$ thousands

Main product \ Year		2021		2022	
		Amount	Value	Amount	Value
Anhydride	Importation	5,887	196,641	6,092	228,395
	Exportation	263,485	7,658,015	186,999	6,232,262
Plasticizer	Importation	40,770	2,243,053	53,285	2,636,301
	Exportation	1,135,803	54,827,509	1,149,440	49,094,225
PVC	Importation	-	-	-	-
	Exportation	347,485	12,900,175	344,028	10,673,455
Others	Importation	12,974	772,833	12,418	696,375
	Exportation	60,373	3,344,202	59,122	3,258,630
Sum	Importation	59,631	3,212,527	71,795	3,561,071
	Exportation	1,807,146	78,729,901	1,739,589	69,258,572

Note: Importation means the group's sales amount and sale value in the Taiwan area.

III. Employee demographic data for last two years as of the publication date of this annual report

Year		2021	2022	As of March 31, 2023
Number of Employees	Taiwan	225	219	233
	Oversea	1,664	1,703	1,696
	Total	1,889	1,922	1,919
Average Age		38.37	38.87	38.96
Average Years of Service		8.67	9.10	9.13
Education distribution ratio (%)	Ph.D.	0.21	0.16	0.16
	Masters	3.32	3.28	3.28
	Bachelor's Degree	65.49	66.54	66.50
	Senior High School	22.85	21.85	21.83
	Below Senior High School	8.13	8.17	8.23

IV. The expense of environmental protection

(I) In the most recent year and as of the date of publication of the annual report, the loss due to environmental pollution and the estimated amount and countermeasures that may occur in the future

1. Losses suffered by the Company due to environmental pollution incidents

Currency: New Taiwan Dollar

Issuance date	Disposition reference number	The articles of law violation	The content of the violation	The content of the disposition
June 15, 2022	Du-Zhi No.34-111-060002	Paragraph 2, Article 38 of the Toxic and Concerned Chemical Substances Control Act, and Article 3 of the Operational Measures for the Establishment of the Toxic and Concerned Chemicals Joint Defense Organization	The company entrusts transporters to transport toxic chemical substances (disononyl phthalate), which violates the requirements for cross-county (city) transport due to the national emergency response organization of the transporters is still under the review stage.	60,000 Environmental training 2 hours

Issuance date	Disposition reference number	The articles of law violation	The content of the violation	The content of the disposition
June 15, 2022	Du-Zhi No.34-111-060003	Paragraph 2, Article 38 of the Toxic and Concerned Chemical Substances Control Act, and Article 4 of the Operational Measures for the Establishment of the Toxic and Concerned Chemicals Joint Defense Organization	The company entrusts a transporter for transportation who did not join in the national emergency response organization for PA but, did carry out delivery across counties (cities). The transporter had violated the requirement for toxic chemical substances transportation.	60,000 Environmental training 2 hours
June 27, 2022	Environmental Protection Bureau of Kaohsiung City Government Kong-Chu-Zhi No.20-111-060031	Air Pollution Control Act Paragraph 2, Article 24	The Bureau for environmental protection has checked the Air emission permit of the company and found that the operating record of M06 was below 900°C which did not meet the set of 1100°C. The inconsistency was due to a typo of 1100°C in the permit which was supposed to be 900°C.	100,000 Environmental training 2 hours
September 26, 2022	Environmental Protection Bureau of Kaohsiung City Government Kong-Chu-Zhi No.20-111-090023	Air Pollution Control Act Paragraph 1, Article 20	The Bureau for environmental protection inspected the Linyuan Plant to produce phthalic anhydride manufacturing (M01) process and detected fugitive emissions from 3 of the equipment elements that exceeded and violated the emission limits.	450,000 Environmental training 2 hours

2. Estimation of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The 2022 environmental protection audits found four deficiencies. In order to reduce the concern of the Department of Environmental Protection and the public. To reduce the concern from the Environmental Protection Bureau and the public, the Company has made following correction measures and response strategies to the above deficiencies.

- (1) the Company has reinforced the management and response capabilities of members of the joint defense organization for toxic and chemical substances of concern:
 - Organize training for members of joint defense organizations for toxic and chemical substances of concern.
 - Hold meetings of the joint defense organization for toxic and chemical substances of concern to build cohesion among all transportation company members.
 - Develop law-abiding awareness and responsibilities of members of the joint defense organization.
- (2) Air pollution discharge permit management to prevent abnormal incidents and hidden dangers from occurring at job sites.
 - Regular audit and automatic inspection
 - The supervisors adopt management by walking around, reporting on-site abnormalities, and following up on improvements
- (3) Plan monthly internal inspection of equipment components, and cooperate with third-party external inspection and regular maintenance to reduce VOC emissions from equipment components.

- (4) Continue to improve the regulation search ability of dedicated specialists and update the internal audit regulation; implement an internal review of permit documents and compliance with on-site operations.

(II) Hazardous substances prohibition management and relevant information

To fulfill corporate responsibility and to avoid the highly development of industry and human activity will cause the significant major pollution and environmental pollution. All manufacture spot has passed ISO9001 Quality Management System / ISO 14001 Environmental Management System / OHSAS 18001 & TOSHMS Occupational Safety and Health Management System Verification / ISO50001 (Energy Management System). In addition, after the Company adopts ISO14061-1 greenhouse gas CO2 reduction target, the Company target at least 1% reduction in greenhouse gas unit emissions per unit of revenue per year. This is for health maintenance and environmental safety and to manufacture more environmentally friendly product. The Company complies with the requirements to chemical substances of each and every nation and customer, and the Company strictly requires our suppliers to prevent or limit the supply of monitoring hazard chemicals. All of the Company's products are complied with relevant regulations such as EU RoHS 2.0 Directive and REACH Substances of Very High Concern (SVHC).

Under the leadership of current and former general managers and the efforts of all colleagues, the Company has established a considerable scale and continuous updating its organization structure and equipment and the human quality, testing technology and data quality have also been improved. Base on the existing basis, the Company continuously moves forward to the goal of sustainable management and green product management.

Specific facts:

1. In addition to regular business inspection, every January the Company engages fair examine institution, with the aim of compliance, to analyze the environmental pollutants such as high-concentration compounds to check whether the product is compliance with the requirement of green environmental management substance. Provide customer with product technology support anytime. In the recent fiscal year, the Company purchased GC-MS gas chromatography mass spectrometer and HPLC liquid chromatography instrument inspection equipment. The Company use the more precise method to prevent the hazardous substance polluting the product.
2. The Company regularly engage qualified inspection company to inspect the compliance of factory air pollution, wastewater emission, waste disposal, toxic chemical management and noise control.

V. Labor Relations

(I) Employee welfare and pension system

Since the Company was established, the Company has been valuing the employee welfare and people development, which are cornerstones to make sustainable business growth. With this belief, how to keep employees engaged and motivated, the Company has been pouring a lot of resources in employee compensation & benefits, workplace safety, employee healthcare, training and development, etc. Thus, keeping our business growing, profitable for the past decades, one of the keys is attributed to the cohesive workforces exerting teamwork to make our business successful.

After declaration of the end of martial law, the society and political structure have changed rapidly and labor autonomy awareness arose. The Company labor union is established in the early of 1988 and the Company holds a positive attitude to it. It will bring positive impact both to the Company and the employee to reach the mutual agreement by bilateral communication. The Company adheres to its principles to continue issuing employee stock options and buying back shares for employees to subscribe to, greatly improving the real interests of employees. The implementation encourages all employees to actively engage in work as shareholders, a clever way to take into account the interests of both employees and investors for balanced development.

The Company will continue to uphold its belief in measures such as review and improvement of the company systems, employee training, active communication, promotion of collaboration and improvement

of safety and welfare. Please refer to ESG Reports on employee relations in workplace co-prosperity, workplace safety management and employee health.

The Company establishes its employee retirement system in accordance with the Labor Standards Act. All employees in Taiwan are eligible for the following practices based on their service tenures under either the new or old measurement:

1. Employees adopting the old pension system - An employee pension supervision and management committee was established, which allocates more than 2% of the total salary of the employees using the old system to the statutory pension fund account of the Bank of Taiwan in accordance with the Labor Standards Act.
2. Employees adopting the new pension system - From 1 July, 2005, in accordance with Labor Pension Act, the Company will contribute “6 percent of the worker’s monthly wage” and “voluntary contribution to the labor pension from their monthly wages “to the personal pension funds account in Bureau of Labor Insurance of the seniority in new system.
3. When employees retire, the Company holds a farewell party and invites coworkers to get together and offer retirement farewell wishes and blessings.
4. The Company gives retirement commemorative gold coin and gifts to express gratitude to employees for their contributions.
5. The Company applies the following rules in accordance with the Labor Standards Act and Labor Pension Act:
 - (1) Employees can request for retirement once meet one of the following conditions. If they choose to adopt the Labor Pension Act, the regulations of the Act shall apply.
 - A. Have served for more than 15 years and reached the age of 55.
 - B. Those who have worked for more than 25 years.
 - C. Have served for more than 10 years and reached the age of 60.
 - (2) The Company shall not force employees to retire unless they have one of the following circumstances.
 - A. Those who are over sixty-five years old.
 - B. Physically and mentally handicapped and become unsuitable for work.With respect to the age specified in the above subparagraph 1, the business unit may apply to the central authority for the changes to jobs that have risks and require physical strength. However, the age restriction should not be lowered to less than 55 years old.
 - (3) Criteria for payment of worker pensions
 - A. For service tenure before or after the adoption of the Labor Standards Act, or the service tenure defined under the Labor Pension Act which selects to continue to be covered by the pension regulations of the Labor Standards Act or maintain the eligibility for the Labor Pension Act, the pension payments will be given in accordance with Article 84-2 and Article 55 of the Labor Standards Act.
 - B. Those who have the work tenure mentioned in the preceding paragraph and are eligible for mandatory retirement in accordance with Subparagraph 2, Paragraph 1, Article 54 of the Labor Standards Act, will receive additional 20% in pension payments in accordance with Subparagraph 2, Paragraph 1, Article 55 of Labor Standards Act if they suffer from mental and physical disability due to the performance of their duties.
 - C. For employees who are eligible for the requirements of the Labor Pension Act, the Company allocates 6% of the employee's monthly salary to the personal pension account on a monthly basis.
 - (4) Pension payment

The Company shall pay employees' pensions within 30 days of the employees' retirement.

In view of rapid change of market, the Company together with employees have been striving to improve efficiency and effectiveness on all aspects of operations so as to achieve business goals. We believe that maintaining harmonious relationships with employees is based on mutual trust, mutual cooperation, and mutually beneficial relations.

Nowadays, due to the economic transformation for domestic market, building up and maintaining a harmonious relationship between employer and employee is significant important. Otherwise, it is difficult to overcome the various challenges facing the market internationalization and trade liberalization. Looking on the bright side, by constructive dialogues between the management and the Union, both parties have learned a lot of great lessons from each other. This is a solid foundation on which holds the employer-employee together, and it is estimated that the labor disputes leading to the possibility of loss is very low in the future.

(II) The employee training and development

The Company values employees as an important asset. Hence, employee training and development program is a key portion of business operations. Following the organizational visions, missions, and strategies, we establish the talent development strategy and the training system. To achieve the the goal, we aim for providing integrative learning resources to enhance their knowledge, skills, and performances. Encouraging employees to continuously learn new knowledge and experience is a motivator of advancement and innovation, which ultimately may improve the work efficiency and create a better learning environment. There has been a training and development policy available in place, providing employees with varieties of training programs. All employees have to earn 12 or more training credits which are based on their professional and managerial level every year. Combining organizational goals with individual career plan, one of the promotion criteria is related with the training credits. The total training hours in 2022 is 5,840.5 hours, and the average training hours of each employee is 26.7. With regard to the safety and health training, the total training hours is 2,989.5 and the average training hours 14 per person. The training programs include:

- General training. Applied to all levels of employees such as proprietary information protection, performance management, etc.
- Professional training: Technical and professional training required for each function, such as equipment or process technology, accounting, finance, information technology, etc.
- Managerial training: An individual development plan according to the development needs for each manager, including management and leadership programs for junior and middle-level supervisors and coaching skills.
- EHS training: Safety and health training, industrial safety training, disaster prevention drill, and other courses regulated by law.
- New employee orientation: Accelerating new employee to assimilate new environment, it gives new employee a whole picture about company culture, business philosophy, management rules, etc.
- Employee's code of conduct training: In compliance with company business ethics and conducts, all of employees are required to take the training once a year, which is also applied to the new employee orientation.
- Experience sharing: After training, employees who attend the training course shall share their learning to those not attending the training. It is not only reinforcing employee's learning efficacy but also improving their's summarizing and presentation skills.

(III) During 2022 and as of 31 March, 2023, does the Company suffer any losses from labor dispute: None.

The estimated amount and mitigation plan to current and future labor dispute – The possibility of suffering loss from labor disputes is very low since we have maintained a good labor relationship with the Union and employees.

VI. Cyber security Management

(I) Cybersecurity risk management structure

The Company aims to build a strict and effective information defensive security. According to the cyber security risk management structure, the Cyber security Management Committee has established a cyber

security task force, an emergency response task force, and an audit task force. The cyber security Management Committee coordinates the formulation, implementation, risk management, regulatory compliance and auditing of cyber security and related policies. The audit supervisor supervises the implementation of cyber security operations and evaluates the effectiveness of the cyber security risk management measures of the entire corporate group, and regularly reports to the board on the effectiveness of the operations and systems of the overall cyber security management organization.

(II) Cyber security policy, specific management plan, and the resources committed to cyber security management

In order to effectively carry out the cyber security policy, the Company has appointed a chief information security officer and established a dedicated cyber security unit that has a supervisor and at least two full-time specialists responsible for cyber security-related monitoring and the implementation of various management plans formulated by the cyber security Management Committee.

The Company complies with the relevant laws and regulations to formulate cyber security management regulations in accordance with the ISO27001 framework, and provides appropriate protection measures for the Company's information assets to ensure its confidentiality, integrity, availability and regulatory compliance. The Company regularly holds cyber security training courses and disseminates its cyber security policy. It formulates a cyber security management plan summarizing the implementation of the corporate group's plan and important incidents to be reported to the top executive handling information-related matters.

In order to reinforce cyber security protection capabilities, the Company commissions a professional Cyber security consulting company to regularly perform vulnerability scans to identify potential risks for correction and occasionally conduct social engineering for Preventing phishing e-mails drills.

Implement cyber security education training and after-school evaluation to all employees every year. Conducted two sessions of cyber security training in 2022, including topics such as cyber security precautions and e-mail use safety, with a total of 1,259 managers and employees participating in the sessions. Each member of the dedicated cyber security unit took at least 16 hours of professional Cyber security training.

Our audit department audited the operations of cyber security system and found no significant deficiency in 2022.

(III) The losses and possible impacts suffered from major information security incidents and the countermeasures in 2022 to the date of publication of the annual report: None.

VII. Important agreements

March 31, 2023

The nature of the agreement	Party	Effective and expiration date	Key terms and conditions	Restrictive covenants
Joint delegation guarantee agreement (including the agreement of corporate bond performance guarantee)	1. Mega International Commercial Bank (Lead manager), 2. Bank of Taiwan, 3. First Commercial Bank, 4. Hua Nan Commercial Bank Ltd., 5. The Shanghai Commercial & Savings Bank Ltd., 6. Chang Hwa Commercial Bank Ltd., 7. Taiwan Cooperative Bank, 8. E. Sun Commercial Bank Ltd.	From December 10, 2018 to the date that the principal and other payable subordinated debts are fully repaid in accordance to the issuance regulation of corporate debt.	To repay the existing loans to financial institutions, the Company proposed to issue corporate bonds, and apply to the joint guarantee bank group for a guarantee loan of total amount NT\$6,057 million.	In accordance with the agreement.

The nature of the agreement	Party	Effective and expiration date	Key terms and conditions	Restrictive covenants
Long-term raw material supply contract	ExxonMobil Chemical Asia Pacific	From January 1, 2021 to December 31, 2030.	To obtain stable supply and advantageous prices of raw materials, the Company strengthen its flexibility in raw material scheduling to protect and expand its market share and develop new markets Enter into long-term plasticizer raw material supply agreement.	None
Delegation guarantee agreement (including the agreement of corporate bond performance guarantee)	Mega International Commercial Bank	From July 26, 2022 to July 26, 2027.	To repay the existing loans to financial institutions, the Company proposed to issue corporate bonds, and apply to Mega International Commercial Bank for a guaranteed loan of a total amount of NT\$1.5 billion.	Subject to the restrictions stated in the delegation guarantee agreement.
Delegation guarantee agreement (including the agreement of corporate bond performance guarantee)	Bank of Taiwan	From July 26, 2022 to July 26, 2027.	To repay the existing loans to financial institutions, the Company proposed to issue corporate bonds, and apply to the Bank of Taiwan for a guaranteed loan of a total amount of NT\$1 billion.	Subject to the restrictions stated in the delegation guarantee agreement.
Delegation guarantee agreement (including the agreement of corporate bond performance guarantee)	Hua Nan Commercial Bank	From July 26, 2022 to July 26, 2027.	To repay the existing loans to financial institutions, the Company proposed to issue corporate bonds, and apply to Hua Nan Commercial Bank for a guaranteed loan of a total amount of NT\$500 million.	Subject to the restrictions stated in the delegation guarantee agreement.

Financial Status

I . Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Condensed balance sheets - IFRSs (Consolidated)

Unit: NT\$ thousands

Item \ Year		Financial information for the past 5 fiscal years				
		2018	2019	2020	2021	2022
Current assets		20,662,769	18,684,583	16,739,193	22,296,269	19,881,526
Property, Plant and Equipment		17,072,617	16,362,557	15,725,460	15,711,926	16,135,794
Intangible assets		7,364	5,369	15,544	10,797	8,548
Other assets		8,027,099	10,104,488	11,720,440	15,752,852	14,536,554
Total assets		45,769,849	45,156,997	44,200,637	53,771,844	50,562,422
Current liabilities	Before distribution	10,529,011	10,641,914	5,920,830	8,647,824	14,197,218
	After distribution	10,785,778	10,908,384	7,213,178	9,959,655	14,460,801
Non-current liabilities		15,466,775	13,943,367	13,325,106	15,227,283	10,259,002
Total liabilities	Before distribution	25,995,786	24,585,281	19,245,936	23,875,107	24,456,220
	After distribution	26,252,553	24,851,751	20,538,284	25,186,938	24,719,803
Equity attributable to shareholders of the parent		19,774,063	20,571,716	24,954,701	29,896,737	26,106,202
Capital stock		12,939,216	13,323,476	13,323,476	13,477,765	13,551,914
Capital surplus		1,301,779	1,327,147	1,361,372	1,388,431	1,387,955
Retained earnings	Before distribution	5,190,730	4,401,136	6,555,946	7,837,286	5,382,851
	After distribution	4,548,813	4,134,666	5,263,598	6,525,455	5,119,268
Other equity interest		533,639	1,519,957	4,168,000	7,632,196	6,222,423
Treasury stock		(191,301)	-	(454,093)	(438,941)	(438,941)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	19,774,063	20,571,716	24,954,701	29,896,737	26,106,202
	After distribution	19,517,296	20,305,246	23,662,353	28,584,906	25,842,619

(II) Condensed balance sheets - IFRSs (Individual)

Unit: : NT\$ thousands

Item \ Year		Financial information for the past 5 fiscal years				
		2018	2019	2020	2021	2022
Current assets		2,354,058	1,890,844	1,398,394	2,672,228	1,982,320
Property, Plant and Equipment		1,832,501	1,931,794	1,872,916	2,018,255	2,099,488
Intangible assets		-	-	-	-	-
Other assets		30,311,552	30,650,668	35,356,134	41,346,181	38,546,503
Total assets		34,498,111	34,473,306	38,627,444	46,036,664	42,628,371
Current liabilities	Before distribution	867,184	512,972	556,222	1,245,729	6,615,935
	After distribution	1,123,951	779,442	1,848,570	2,557,560	6,879,518
Non-current liabilities		13,856,864	13,388,618	13,116,521	14,894,198	9,906,234
Total liabilities	Before distribution	14,724,048	13,901,590	13,672,743	16,139,927	16,522,169
	After distribution	14,980,815	14,168,060	14,965,091	17,451,758	16,785,752
Capital stock		12,939,216	13,323,476	13,323,476	13,477,765	13,551,914
Capital surplus		1,301,779	1,327,147	1,361,372	1,388,431	1,387,955
Retained earnings	Before distribution	5,190,730	4,401,136	6,555,946	7,837,286	5,382,851
	After distribution	4,548,813	4,134,666	5,263,598	6,525,455	5,119,268
Other equity interest		533,639	1,519,957	4,168,000	7,632,196	6,222,423
Treasury stock		(191,301)	-	(454,093)	(438,941)	(438,941)
Total equity	Before distribution	19,774,063	20,571,716	24,954,701	29,896,737	26,106,202
	After distribution	19,517,296	20,305,246	23,662,353	28,584,906	25,842,619

(III) Condensed statements of comprehensive income - IFRSs (Consolidated)

Unit: Except the unit of earnings (loss) per share is in new Taiwan dollar, other numbers are thousands of New Taiwan dollars.

Item \ Year	Financial information for the past 5 fiscal years				
	2018	2019	2020	2021	2022
Operating revenue	61,258,498	62,714,942	51,866,839	81,942,428	72,819,643
Gross profit	3,402,613	2,061,054	4,634,711	5,138,576	344,010
Operating income (loss)	1,078,286	(354,188)	2,273,210	2,447,889	(2,372,626)
Non-Operating Income and Expenses	(129,407)	175,555	410,070	320,981	650,404
Pre-Tax Income (loss)	948,879	(178,633)	2,683,280	2,768,870	(1,722,222)
Continuing department Net Income (Loss)	753,610	(140,376)	2,134,320	2,147,462	(1,236,224)
Loss from the discontinued department	-	-	-	-	-
Net Income (Loss)	753,610	(140,376)	2,134,320	2,147,462	(1,236,224)
Other comprehensive income (net income)	(1,495,817)	979,017	2,935,003	3,890,422	(1,316,153)
Total comprehensive income or loss	(742,207)	838,641	5,069,323	6,037,884	(2,552,377)
Net income (Loss) attributable to shareholders of the parent	753,610	(140,376)	2,134,320	2,147,462	(1,236,224)
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	(742,207)	838,641	5,069,323	6,037,884	(2,552,377)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings (loss) per share (Note)	0.59	(0.11)	1.62	1.66	(0.94)

Note: Earnings (loss) per share is prepared based on the financial report audited by certified public accountant in each year.

(IV) Condensed statements of comprehensive income - IFRSs (Individual)

Unit: Except the unit of earnings (loss) per share is in new Taiwan dollar, other numbers are thousands of New Taiwan dollars.

Item \ Year	Financial information for the past 5 fiscal years				
	2018	2019	2020	2021	2022
Operating revenue	4,589,175	4,611,581	4,439,090	5,686,456	5,503,668
Gross profit	484,137	357,197	589,289	431,478	235,015
Operating income (loss)	92,365	21,446	150,120	(3,615)	(174,418)
Non-Operating Income and Expenses	679,195	(139,535)	1,985,188	2,178,845	(1,006,167)
Pre-Tax Income (loss)	771,560	(118,089)	2,135,308	2,175,230	(1,180,585)
Continuing department Net Income (Loss)	753,610	(140,376)	2,134,320	2,147,462	(1,236,224)
Loss from the discontinued department	-	-	-	-	-
Net Income (Loss)	753,610	(140,376)	2,134,320	2,147,462	(1,236,224)
Other comprehensive income (net income)	(1,495,817)	979,017	2,935,003	3,890,422	(1,316,153)
Total comprehensive income or loss	(742,207)	838,641	5,069,323	6,037,884	(2,552,377)
Earnings (loss) per share (Note)	0.59	(0.11)	1.62	1.66	(0.94)

Note: Earnings (loss) per share is prepared based on the financial report audited by certified public accountant in each year.

(V) Names of auditing CPAs and audit opinions for the past five fiscal years

Year	Name of CPA	Name of CPA firm	Auditing opinions
2018	Kuo, Wen-Chi 、Lee, Cheng-Ming	Deloitte & Touche	Unqualified opinion
2019	Kuo, Wen-Chi 、Lee, Cheng-Ming	Deloitte & Touche	Unqualified opinion
2020	Lee, Cheng-Ming, Lin, Wen-Chin	Deloitte & Touche	Unqualified opinion
2021	Liu, Chien-Liang, Lin, Wen-Chin	Deloitte & Touche	Unqualified opinion
2022	Liu, Chien-Liang, Lin, Wen-Chin	Deloitte & Touche	Unqualified opinion

II. Financial analysis for the past 5 fiscal years

(I) Financial analysis - IFRSs (consolidated)

Analysis Item		Financial analysis for the past 5 fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	56.8	54.4	43.5	44.4	48.4
	Ratio of long-term capital to property, plant and equipment	206.4	210.9	243.4	287.2	225.4
Solvency (%)	Current ratio	196.2	175.6	282.7	257.8	140.0
	Quick ratio	94.6	95.1	152.7	126.0	64.8
	Interest Coverage ratio	316.4	55.9	1,079.1	1,284.8	*
Operating performance	A/R turnover rate (times)	16.2	16.1	13.4	18.4	17.2
	Average collection days	22.5	22.7	27.2	19.9	21.3
	Inventory turnover rate (times)	7.2	8.0	7.5	10.6	8.3
	Payable turnover ratio (times)	19.7	18.1	17.4	34.4	32.4
	Average days in sales	50.8	45.6	48.4	34.5	44.1
	Property, plant, and equipment turnover rate (times)	3.8	3.8	3.2	5.2	4.6
	Total assets turnover (time)	1.3	1.4	1.2	1.7	1.4
Profitability	Return on assets (%)	2.4	0.4	5.3	4.8	(2.0)
	Return on equity (%)	3.7	(0.7)	9.4	7.8	(4.4)
	Pre-tax income to paid-in capital (%)	7.3	(1.3)	20.1	20.6	(12.7)
	Net profit margin (%)	1.2	(0.2)	4.1	2.6	(1.7)
	Earnings per share (NT\$)	0.59	(0.11)	1.62	1.66	(0.94)
Cash flow	Cash flow ratio (%)	6.0	41.2	58.2	*	4.7
	Cash flow adequacy ratio (%)	38.3	49.8	56.5	45.5	50.0
	Cash reinvestment ratio (%)	*	8.8	6.1	*	*
Leverage ratios	Operating leverage ratios	2.8	*	1.9	1.8	*
	Financial leverage ratios	1.7	*	1.1	1.1	*

Note: Earnings (loss) per share is prepared based on the financial report audited by certified public accountant in each year.

Explanation of the changes in financial ratios over the past 2 fiscal years (increase/decrease more than 20%)

1. Long-term fund to property, plant and equipment ratio: The reduction in non-current liabilities resulted in a lower ratio.
2. Current ratio and quick ratio: The NT\$6 billion 5-year corporate bonds issued at the end of 2018 will mature within one year, resulting in an increase in current liabilities and a decrease in current and quick ratios.
3. Interest coverage ratio and profitability indicators: The 2022 operating losses caused the relevant ratios to go down.
4. Inventory turnover, average inventory turnover days: Increase in average inventory resulted in a decrease in turnover and an increase in sales days.
5. Cash flow ratio: Cash was used in 2021 operating activities, and cash was generated from 2022 operating activities, so the ratio increased.
6. Cash flow reinvestment ratio: Not shown because the net cash from 2022 operating activities deducting dividend payment became negative.
7. Operating leverage and financial leverage: Not listed due to the operating losses in 2022.

* The number is negative. Therefore, it is not listed.

(II) Financial analysis - IFRSs (Individual)

Analysis Item		Year	Financial analysis for the past 5 fiscal years				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio		42.7	40.3	35.4	35.1	38.8
	Ratio of long-term capital to property, plant and equipment		1,835.2	1,758.0	2,032.7	2,219.3	1,715.3
Solvency (%)	Current ratio		271.5	368.6	251.4	214.5	30.0
	Quick ratio		89.2	128.5	98	79.6	10.5
	Interest Coverage ratio		704.6	14.0	1,804.4	1,822.5	*
Operating performance	A/R turnover rate (times)		11.1	10.7	10.8	10.6	9.3
	Average collection days		32.9	34.1	33.8	34.4	39.2
	Inventory turnover rate (times)		3.2	3.2	3.8	4.4	3.8
	Payable turnover ratio (times)		7.6	9.5	11.8	10.6	10.0
	Average days in sales		114.1	114.1	96.1	83.0	96.1
	Property, plant, and equipment turnover rate (times)		2.7	2.5	2.3	2.9	2.7
	Total assets turnover (time)		0.1	0.1	0.1	0.1	0.1
Profitability	Return on assets (%)		2.6	0.1	6.2	5.4	(2.4)
	Return on equity (%)		3.7	(0.7)	9.4	7.8	(4.4)
	Pre-tax income to paid-in capital (%)		6.0	(0.9)	16.0	16.1	(8.7)
	Net profit margin (%)		16.4	(3.0)	48.1	37.8	(22.5)
	Earnings per share (NT\$)		0.59	(0.11)	1.62	1.66	(0.94)
Cash flow	Cash flow ratio (%)		*	53.5	142.7	*	7.2
	Cash flow adequacy ratio (%)		21.9	26.9	30.0	8.1	9.7
	Cash reinvestment ratio (%)		*	0	1.3	*	*
Leverage ratios	Operating leverage ratios		3.3	7.9	2.2	*	*
	Financial leverage ratios		*	*	6.0	*	*

Note: Earnings (loss) per share is prepared based on the financial report audited by certified public accountant in each year.

Explanation of the changes in financial ratios over the past 2 fiscal years (increase/decrease more than 20%)

1. Long-term fund to property, plant and equipment ratio: The reduction in non-current liabilities resulted in a lower ratio.
2. Current ratio and quick ratio: The NT\$6 billion 5-year corporate bonds issued at the end of 2018 will mature within one year, resulting in an increase in current liabilities and a decrease in current and quick ratios.
3. Interest coverage ratio and profitability indicators: The 2022 operating losses caused the relevant ratios to go down.
4. Cash flow ratio: Cash was used in 2021 operating activities, and cash was generated from 2022 operating activities, so the ratio increased.
5. Cash flow adequacy ratio: The increase in cash inflow from operating activities in last five years cause the ratio rising.
6. Cash flow reinvestment ratio: Not shown because the net cash from operating activities deducting dividend payment became negative.
7. Operating leverage and financial leverage: Not listed due to the operating losses in 2022.

* The number is negative, therefore, it is not listed.

The calculation formula of the financial ratio is as below:

1. Financial structure

(1) Debits ratio: $\text{total liabilities} / \text{total assets}$

(2) Long term capital to property, plant and equipment = $(\text{total equity} + \text{non-current liabilities}) / \text{the net value of property, plant and equipment}$.

2. Solvency

(1) Current ratio = $\text{current assets} / \text{current liabilities}$.

(2) Quick ratio = $(\text{current assets} - \text{inventories} - \text{prepaid expenses}) / \text{current liabilities}$.

(3) Interest coverage ratio = $\text{income before tax and interest} / \text{interest expenses in this current term}$.

3. Operating performance

(1) Receivable (including accounts receivables and notes receivables aroused from operation) turnover ratio = $\text{net sale} / \text{the balance of average accounts receivable in each term (including accounts receivables and notes receivables aroused from operation)}$.

(2) Average collection days = $365 / \text{Receivable turnover}$

(3) Average inventory turnover = $\text{cost of goods sold} / \text{average inventory}$

(4) Payable (including accounts payables and notes payables aroused from operation) turnover ratio = $\text{cost of goods sold} / \text{the balance of average accounts payables in each term (including accounts payables and notes payables aroused from operation)}$.

(5) Average sales days = $365 / \text{inventory turnover}$

(6) Property, plant and equipment turnover ratio = $\text{net sales} / \text{average net property, plant and equipment}$.

(7) Total assets turnover rate = $\text{net sale} / \text{average assets}$

4. Profitability

(1) Return on assets = $(\text{net income} + \text{interest expenses} * (1 - \text{tax rate})) / \text{average assets}$

(2) Return on equity = $\text{net income} / \text{average owner's equity}$

(3) Net profit margin = $\text{net income} / \text{net sales}$

- (4) Earnings per share = Consolidated net income attributed to stockholders of the Company – earnings of preferred stock) / weighted average shares issued
5. Cash flow
- (1) Cash flow ratio = net cash inflow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = cash inflow from operating activities in the last five years / the investment expenditures, increase of inventories, and cash dividends of the last five years.
 - (3) Cash reinvestment ratio = (cash inflow from operating activities – cash dividends) / (gross property, plant and equipment + long-term investments+other noncurrent assets+working capital)
6. Leverage
- (1) Operating leverage = (net sales – variable costs) / operating income.
 - (2) Financial leverage = operating income / (operating income – interest expenses).

III. The audit committee's report to the most recent annual financial statement

UPC Technology Corporation The audit committee's report The board of directors prepares and submits 2022 financial statements (from 1 January, 2022 to 31 December, 2022) which have been audited by two attesting CPA, Lee, Cheng-Ming, Lin, Wen-Chin of Deloitte & Touche and the 2022 business report and earning distribution schedule that are inspected to be compliance with the Company Act and relevant regulations by audit committee and prepare report in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act. Submitted to 2023 Shareholders' Meeting of UPC Technology Corporation UPC Technology Corporation Convener of the audit committee: Wang, Paul P. March 15, 2023

IV. The financial statements for the most recent fiscal year: Attachment 1 (P114~206)

V. The audited financial statements of individual company for the recent fiscal year: Attachment 2 (P.207~280)

VI. If the company or its affiliates have experienced financial difficulties in the latest fiscal year or as of the date of annual report, the company should explain how the difficulties will affect the company's financial situation: None.

Financial status, operating results, and risk management review

I . Financial Status Analysis

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	19,881,526	22,296,269	(2,414,743)	(11)
Property, Plant and Equipment	16,135,794	15,711,926	423,868	3
Other Assets	14,545,102	15,763,649	(1,218,547)	(8)
Total assets	50,562,422	53,771,844	(3,209,422)	(6)
Current liabilities	14,197,218	8,647,824	5,549,394	64
Non-Current liabilities	10,259,002	15,227,283	(4,968,281)	(33)
Total liabilities	24,456,220	23,875,107	581,113	2
Capital stock	13,551,914	13,477,765	74,149	1
Additional paid-in capital	1,387,955	1,388,431	(476)	0
Retained earnings	5,382,851	7,837,286	(2,454,435)	(31)
Other equity	6,222,423	7,632,196	(1,409,773)	(18)
Treasury Stock	(438,941)	(438,941)	0	0
Non-Controlling Interest	-	-	-	-
Total equity	26,106,202	29,896,737	(3,790,535)	(13)
(I) The main reasons for any material change in the company's assets, liabilities or equity during the past 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, the annual report shall describe the measures to be taken in response. (The increase/decrease difference ratio more than 20% and its amount equal or exceeding to 10 million). (1) Increase in current liabilities: The \$6 billion 5-year corporate bonds issued in 2018 will mature within one year. (2) Decrease in non-current liabilities: The \$6 billion 5-year corporate bonds issued in 2018 will mature within one year. (3) Decrease in retained earnings: Due to the distribution of 2021 earnings and the 2022 net loss after tax. (II) Effect: No significant effect (III) The measures to be taken in response: Not applicable				

II . The comparison and analysis of financial performance

Unit: : NT\$ thousands

Item \ Year	2022	2021	Increase (decrease) amount	Change (%)
Operating revenue	72,819,643	81,942,428	(9,122,785)	(11)
Operating costs	72,475,633	76,803,852	(4,328,219)	(6)
Gross profit	344,010	5,138,576	(4,794,566)	(93)
Operating expenses	2,716,636	2,690,687	25,949	1
Net operating income (loss)	(2,372,626)	2,447,889	(4,820,515)	(197)
Non-operating income and expenses	650,404	320,981	329,423	103
Profit before income tax (loss)	(1,722,222)	2,768,870	(4,491,092)	(162)
Income tax expenses	(485,998)	621,408	(1,107,406)	(178)
Profit of this year (loss)	(1,236,224)	2,147,462	(3,383,686)	(158)
Other comprehensive income	(1,316,153)	3,890,422	(5,206,575)	(134)
Total comprehensive income	(2,552,377)	6,037,884	(8,590,261)	(142)
Net income (loss) attributed to stockholders of the Company	(1,236,224)	2,147,462	(3,383,686)	(158)
Net income (loss) attributed to non-controlling interest	-	-	-	-
Comprehensive income attributed to stockholders of the Company	(2,552,377)	6,037,884	(8,590,261)	(142)
Comprehensive income attributed to non-controlling interest	-	-	-	-
(I) The main reasons for any material change in operating revenues, operating income or income before tax during the past 2 fiscal years (the increase/decrease difference ratio more than 20% and its amount equal or exceeding to 10 million). (1) Gross profit and net operation profit decreased: In 2022, the raw material and energy prices rising and production reduction downstream. Operating loss amid poor overall demand. (2) The increase in net non-operating income and expenses was mainly due to the increase in dividend				

income and compensation income.
(3) Net profit before tax, net profit for the year and net profit attributable to the owner of the company decreased, mainly due to the decrease in operating gross profit.
(4) The decrease in other comprehensive gains and losses was mainly due to the decrease in the unrealized benefits of financial assets measured at fair value through other comprehensive gains and losses.
(5) The total comprehensive profit and loss attributable to the owner of the company decreased, the main operating gross profit decreased, and the unrealized benefits of financial assets measured at fair value through other comprehensive profit and loss decreased.
(II) The sales volume forecast and its basis: The Company's estimated sales revenue in the coming year is the best estimation based on market conditions, industry bloom/distress, the Company's operating plan and product sales trends.
(III) The effect upon the Company's financial operations: No significant effect.
(IV) Measures to be taken in response: Not applicable.

III. Cash flow analysis

(I) The analysis of liquidity during the past 2 fiscal years

Item \ Year	2022	2021	Increase (minus)%
Cash flow ratio (%)	4.7	*	*
Cash flow adequacy ratio (%)	50.0	45.5	10
Cash re-investment ratio (%)	*	*	*
The analysis and explanation of the change of increase (decrease) difference ratio more than 20%:			
1. Cash flow ratio: Not shown because the 2021 operating activities are considered net cash used.			
2. Cash flow reinvestment ratio: Not shown because the net cash from 2021 and 2022 operating activities deducting dividend payment became negative.			

(II) The liquidity analysis for the coming year

Unit: NT\$ thousands

Cash at the beginning of year balance	The estimated net cash inflow from operating activities in the whole year	Expect whole year Cash outflow	The estimated amount of cash short (surplus)	Estimated short of cash Remedial measures	
(1)	(2)	(3)	(1)+(2)-(3)	Investment plan	Financial plan
4,244,635	3,226,273	(2,008,242)	5,462,666	-	-

1. The analysis on cash flow change:

- (1) Operating activities: Net cash in from operating activities.
- (2) Investing activities: Mainly on purchasing property, plant and equipment for factory construction and expansion of affiliates.
- (3) Financial activities: Mainly on the distribution of cash dividends.

2. The remedial measure to expect short of cash and liquidation analysis: not applicable.

IV. The effect upon financial operations of any major capital expenditures during the latest fiscal year: None.

V. The Company's reinvestment policy for the most recent year

- (I) The Company's reinvestment policy for the latest fiscal year: The Company's reinvestment is in the aim of the long-term strategic planning and mainly bases on the need of future business development and vertical integration.
- (II) The main reason and improvement plan for the profit or loss of the reinvested entities: The profits mainly come from steady business growth and sound cost control. The loss-making company is mainly due to the substandard business scale. To improve performance and eliminate investment loss, the Company will consider relevant elements to adjust sales and management policy for those reinvested entities with poor performance.
- (III) The investment plan in the coming year: In according to the Company's business roadmap and cooperation with the implementation of business plan.

VI. Analysis of Risk Management

(I) 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. The effect on the Company income (loss) from interest and exchange income (expense):

Unit: NT\$ thousands

Item	2022
Interest income (expenses) – A	(258,373)
Exchange gains or losses – B	(148,127)
Operating Income(loss) – C	(2,372,626)
A/C	NA
B/C	NA

2. The effect on the Company income (loss) from inflation: No significant effect.

3. The response measures to change in interest rate, exchange rate and inflation:

- (1) The derivative transactions currently undertaken are mainly to hedge the real foreign currency assets and liabilities in the business and comply with "Guidelines for Derivatives Transaction by the Company." By transacting financial products through banks and regularly assessing profit and loss, the Company reduces the impact of exchange rate changes on overall income.
- (2) The principle of the Company's fund allocation is conservation and stability. The Company funds are deposited mainly in large bank to ensure the safety of funds and maintain liquidity.
- (3) Regularly evaluate the bank loan interest rate. With the priority consideration of maximum benefit of the group's funds, the Company takes advantage of the group's size and operational performance to negotiate preferential interest rates with financial institutions.
- (4) Collect the latest market information and economic data, and keep track on changes in interest rates, exchange rate and inflation pressures. Regularly assess the risks of foreign exchange and other financial commodity trading contracts as a reference for management decisions, and take timely response to take measures.
- (5) In recent years, international oil prices and exchange rates and interest rates have fluctuated greatly. The Company actively develops suppliers, stabilizes supply sources, improves production processes, and controls appropriate inventory to reduce the impact of raw material price fluctuations on Company operations.

(II) 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 mitigation measures to be taken in the future:

1. High risk and highly leveraged trading: None.
2. Loaning of other parties: The UPC group companies only loan fund between their subsidiaries.
3. Endorsements/guarantees: The UPC group companies only make endorsements/guarantees in according to its shareholding ration to company which is directly/indirectly held more than 50% of its total outstanding common shares by the Company and which is co-invested by the Company.
4. Derivatives transaction: Risk-aversion is our policy and the Company does not do the speculating transition.
5. Loaning of Funds, Endorsement/Guarantee and Derivative Transaction are all complied with relevant regulations and the rules of Loaning of Funds, the rule of endorsement and guarantee and the rule of derivative transaction of the UPC group. The counterparty and amount of loaning of fund and endorsement/guarantee were all in compliance with the Company's rule and has no losses occurred in the latest fiscal years. In the future, the Company will stick on the policy to avoid the risk from fluctuation of currency exchange rate the interest rate and regularly assess and timely adjust the relevant hedge strategy.

(III) Research and development work plan be carried out in the future, and further expenditures expected for research and development work.

Research and development Project	The re-investment expenses in research and development	Expected mass production time
Main R&D project: 1. Development new environmentally friendly plasticizer 2. R&D plan for bio-plasticizer	The R&D administration expense accounts for 1.5% of sales revenue.	All have continued commercialization.

The significant element to successful research and development:

1. Focus on the training of research and development personnel in their expertise field.
2. In order to enhance its market competitiveness, the Company should strive to develop and integrate upstream and downstream products.
3. The Company keeps understanding the application needs of market product and adjusts development direction swiftly.
4. In the process of developing products, the Company should keep to understand the latest relevant regulations and trends in work safety, environmental protection, etc., and develop mitigation measures swiftly.

(IV) 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:

International trends of net-zero emissions:

Since the Paris Climate Accords were adopted at the United Nations climate summit in 2015, it has become a common international goal to achieve net-zero carbon emissions by 2050 to keep global temperature rise within 1.5°C. There are 198 countries in the world, and more than 133 countries have declared the 2050 net zero emission target.

Taiwan aligns its initiatives with the world and In January 2023, the amended draft of the Greenhouse Gas Reduction and Management Act was passed in the third reading and officially renamed to the Climate Change Response Act, which stipulated the 2050 net-zero emissions initiative, began to levy carbon emissions fees and implemented other supporting measures to set the long-term GHG reduction targets, reinforce climate governance and establish the Greenhouse Gas Reduction Fund. It is expected that carbon fees will be levied on large domestic carbon emitters starting in 2024.

UPC's response measures:

Facing the global trends of stricter management of hazardous chemicals and net-zero emissions, our green chemistry policy and transformation blueprint focus on high-value, environmental protection and sustainability and low-carbon recycling initiatives. With innovation and sustainability as the core principles, we are committed to the pursuit of high-quality, high-performance, and environmentally friendly chemical production technology that can also help customers achieve eco-friendly concepts and product sustainability goals.

We continue to implement energy conservation and carbon reduction practices to improve production efficiency; develop eco-friendly green products with low carbon emission and high performance to build a green supply chain; implement a circular economy, and reuse the waste solids, liquid and gas, by-products and PET recycled materials in the factory areas to develop high-value products; promote the integrated recovery of waste heat energy and by-produce clean steam energy in the factory areas; introduce AI smart management and control; and build solar renewable clean energy supply.

We are also actively promoting carbon capture and utilisation projects, and planning to capture CO₂ from the flue gas discharged from acid anhydride plants for purification and making high-value added products. We are also collaborating with domestic universities and research institutes to develop carbon dioxide-based chemicals, including low-carbon plasticizers and biodegradable plastics, hoping to achieve the ultimate goal of net zero emissions, and become a sustainable benchmark enterprise.

The Compant will continue to support environmental sustainability with specific actions, develop low-carbon and efficient green plasticizer products, gradually build a green supply chain for the plastics industry, and move towards the goals of zero waste, zero pollution and zero emissions. Besides meeting the

customers' higher environmental protection requirements of the supply chain, we will reduce the negative benefits to the environment and the cost caused by carbon fee collection. These measures will have a positive impact on the Company's financials.

(V) Effect on the company's financial operations of developments in science and technology (including cybersecurity risk) as well as industrial change, and measures to be taken in response

The Company is the world leading company in PA and PVC plasticizers. With years of R&D and production experience and long-term cooperation with major raw material suppliers and multi-level alliances and customer cooperation, the Company has accumulated long-term, highly dynamic core-adjusted ability and developed a highly competitive business module and can respond to the challenge of technology and supply change. Therefore, it is a positive impact on the company's financial operations.

The Company established a R&D center in Taiwan, and continued to promote the integration of R&D resources of the Company and its subsidiaries. The key direction of technology development of each subsidiary is based on the local resources and local market characteristics. The Company continue deepening of acid anhydride oxidation technology and various types and extends esterification reaction technology to hydrogenation technology. R&D innovation is both short-term technical strategy and long-term technical competitiveness and cumulative effect. To enhance the independent technology R&D ability, the Company independently develops esterification products with market potential and high gross profit. Meanwhile, the Company continues to conduct technology cooperation and exchange with domestic and foreign academic institutions and entities. The Company develops high-value-added differentiated special and fine chemicals, orients to high value-added products and opens new business by expanding product line. It is expected that innovation in R&D will gradually appear in business and finance. In the foreseeable future, the Company and its subsidiaries facing threats such as mainstream technology breaks and sudden technological changes leading to strong substitution competition directly harmful to business finance or the company's survival is rare.

With the ever-changing development of information technology, information security is always at risk, and the challenges are unprecedented. The confidentiality, integrity, availability, and authorization mechanism of systems and data are all threatened by those who want to conduct tampering. Hackers, virus intrusions, security loopholes, data leakage, human negligence, service interruption, etc. are all risks that can exist at any time. The Company has comprehensive cybersecurity policies and concrete management plans, and has committed cybersecurity management resources in updating software and hardware and continued to effectively implement practices, such as the next-generation firewall (NGFW), active intrusion detection system, anti-virus, edge side equipment control measures, etc. The Company also continues to study the changing trends of the information environment to reinforce employees' awareness of information security and the resilience capabilities of information security personnel.

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

In response to the government's Ten Major Construction Projects, the Company was founded in the 1976 to promote the self-sustainable of petrochemical industry in Taiwan and play as a key role in developing the national petrochemical industry. To be a strong corporate citizen, the company incorporated the value of "take from and benefit to society "and "corporate social responsibility" with the spirit of the Company established by the founder - "Integrity, Soundness and Pragmatic". The Company advocates the activities of energy conservation, emission reduction, production safety, and environmental protection, etc., to realize the goal of social care and earth care.

After years of effort, the Company has transformed from a single production-oriented company to a multi-product and market-oriented company. The diversification of production and cross-organizational communication lead to the growing needs of crisis management. Therefore, the Company's crisis management includes continuous training of crisis management; the mechanism of inter- and intra-company crisis management; continuous review and promotion of insurance related to the business operations and employee; unscheduled crisis management exercises in factory; and continuous promotion and enhancement of the internal controls and audit systems.

(VII) Expected benefits and potential risks associated with any merger and acquisitions, and measures to be taken in response: The Company currently does not conduct mergers and acquisitions.

(VIII) Expected benefits and potential risks associated with plant capacity expansion, and measures to be taken in response

For the Company, the plant expansion is focused on its core business from evaluating the capability of existing facilities and equipment to maximize the marginal contribution and market competitiveness. The potential risks of plant expansion might come from investment cost, technological changes, manpower recruitment, market changes, environment issues etc. Before any capital investment for plant expansion, the Company will conduct a prudent feasibility study process; and after investment, each functional department must be responsible to manage and monitor the operation for minimizing the potential risks. The Company uses various management systems to control business risks to ensure sustainable operation. The Company has passed ISO 9001 quality management system (including EFFCI-GMP cosmetic raw materials specifications), ISO 14001 environmental management system, ISO 14064-1 Greenhouse gas emissions inventory, ISO 50001 energy management system, OHSAS 18001 and TOSHMS/CNS 15506 occupational safety and health management systems, etc., all kinds of risks have their corresponding management, supervision and improvement measures..

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Petrochemical raw material industry is a capital and technology intensive industry. The Company selects the companies which has the most market competitiveness and the ability to long-term stable supply and strictly compliance with industrial safety as our domestic and overseas suppliers. The Company establishes the strategic alliances and the long-term cooperation models with our suppliers and customers to create maximum profit and reduce risk together.

Mitigation Measures: The Company keeps to develop and select other high-quality raw material suppliers. At the same time, our business department continues to develop new customers in the new regions and diversify our products and customers into difference industries. In recent years, China has developed rapidly and the upstream suppliers have expanded its manufacture capacity significantly. However, the economy development slows down and then makes the raw materials over supply. The risk of material cuts has been greatly reduced. After the launch of China's integrated refining and chemical production capacity, it is estimated that the acquisition of raw materials will be more diversified in the future, which will help the Company to obtain a niche in the raw materials.

(X) Directors, supervisors or over 10% shareholders, the impact of a large number of shares transferred or replaced on the company, risks and countermeasures: None.

(XI) Impact of changes in management rights on the company, risks and response measures: None

(XII) Litigious and non-litigious incidents: None.

(XIII) Other important risks, and response measures: None.

VII. Other important matters: None.

Important Notice

I . The consolidated business report of affiliates

(I) Organizational Chart of Affiliates: Please refer to page 144 of this annual report.

(II) The basic information of affiliates

Unit: NT\$ Thousands

Enterprise Name	Date of Incorporation	Address	Paid-In Capital	Principal Business or Production Items
UPC Technology Corp.	August 14, 1976	9th Fl., Building A, No.209 Nangang Rd., Sec.1, Nangang Dist., Taipei, 115, Taiwan, R.O.C. / No.3, Kung-Yeh 2nd Rd., Linyuan Dist., Kaohsiung 832, Taiwan, R.O.C.	\$ 13,547,626	Manufacturing and selling of Plasticizer (DEHP) and Phthalic Anhydride (PA)
Union Venture Capital Corp.	October 26, 1995	7F., No.187, Sec. 2, Tiding Blvd., Neihsu Dist., Taipei City 114, Taiwan, R.O.C.	227,010	Investment
Wei Chen Investment Co.	October 20, 1999	9th Fl., Building A, No.209 Nangang Rd., Sec.1, Nangang Dist., Taipei, 115, Taiwan, R.O.C.	160,000	"
Taiwan Union int'l Investment Corp.	October 21, 1996	10F., No.75, Sec. 3, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan, R.O.C.	787,185	"
Glory Ace	June 28, 2000	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	128,451	Trading
Constant	February 23, 1990	Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	13,127,287	Investment
Goldendust	September 11, 1997	"	3,070,575	"
Star Bright	January 29, 1996	"	1,348	"
Natural	December 19, 1996	"	3,278,180	"
Pure Fantasy	July 10, 2002	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	217,544	"
Magic Props	July 9, 2002	"	919,533	"
Charmon	August 27, 2007	"	972,950	"
Modern Vantage	Augue 27, 2007	"	763,540	"
Linkhope	September 21, 2010	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	88,755	"
Reachworld	September 28, 2010	"	87,960	"
Daywinn	September 28, 2010	"	711,773	"
Dragonoble	November 2, 2010	"	1,494,521	"
Pagerise	January 28, 2011	"	965,857	"
Greaterise	September 28, 2010	"	1,502,187	"
Granfaith	August 11, 2010	"	922,434	"
Faithouse	February 18, 2011	"	150,500	"

Enterprise Name	Date of Incorporation	Address	Paid-In Capital	Principal Business or Production Items
Union Hong Kong	December 3, 1991	Flat B, 3F., Wing Cheong Commerical Building, 19-25 Jervois Street, Sheung Wan, Hong Kong.	\$ 913,293	Trading
Logical Path	October 25, 1994	//	37	Investment
Zhongshan Unicizers	November 28, 1997	No.1 Yanjiang East 2nd Rd., Zhongshan Torch Hi-tech Industrial Development Zone, Zhongshan, Guangdong, China	3,355,306	Manufacturing and selling of DEHP and PA
Zhuhai Unicizers	September 29, 2002	No. 251, Shi-hua 9 Rd., Gao Lan Port Economic Zone, Zhuhai, Guangdong, China	1,180,040	Manufacturing and selling of DEHP, PA and MA
Zhenjiang Union Chemical	November 7, 2002	No.57 Linjiang West Rd., Dagang, Zhenjiang New District, Jiangsu, China	2,510,006	Manufacturing and selling of DEHP and PA
Taizhou Union Chemical Industry	May 29, 2008	No.5 Xinmu Rd., Taixing Economic Development Zone, Taixing, Taizhou, Jiangsu, China	1,965,092	Manufacturing and selling of DEHP and PA
Taizhou Union Logistics	May 5, 2008	No.6 Xinmu Rd., Taixing Economic Development Zone, Taixing, Taizhou, Jiangsu, China	713,981	Warehousing and storage services
Taizhou Union Plastics	August 28, 2009	No.3 Zhabei Rd., Taixing Economic Development Zone, Taixing, Taizhou, Jiangsu, China	5,177,353	Manufacturing and selling of PVC
Jiangsu Union Logistics	March 17, 2011	No.57 Linjiang West Rd., Dagang, Zhenjiang New District, Jiangsu, China	88,755	Logistics
Guangdong Union Logistics	March 18, 2011	No.1 Yanjiang East 2nd Rd., Zhongshan Torch Hi-tech Industrial Development Zone, Zhongshan, Guangdong, China	87,960	Logistics
Panjin Union Chemical	March 15, 2012	Chemical Industry Park, Panjin Liaodong Bay New Zone, Panjin, Liaoning, China	3,152,346	Manufacturing and selling of DEHP and PA
ZhenJiang Union Torch Estate	April 27, 2012	No.57 Linjiang West Rd., Dagang, Zhenjiang New District, Jiangsu, China	279,803	Real Estate Managment
Panjin Union Logistics	March 14, 2012	Chemical Industry Park, Panjin Liaodong Bay New Zone, Panjin, Liaoning, China	965,857	Warehousing
Panjin Union Materials	June 26, 2013	Chemical Industry Park, Panjin Liaodong Bay New Zone, Panjin, Liaoning, China	1,502,187	Manufacturing and selling of MA and related derivatives
Nanchong Unicizers	July 19, 2013	No.150 Hexi Ave., Sec. 1, Hexi Town, Jialing Dist., Nanchong, Sichuan, China	1,902,260	Manufacturing and selling of DEHP and PA
Sichung Logistics	October 14, 2014	No.150 Hexi Ave., Sec. 1, Hexi Town, Jialing Dist., Nanchong, Sichuan, China	163,052	Logistics
Panjin Union Plastics	August 5, 2021	Petrochemical and Fine Chemical Industry Park, Panjin Liaodong Bay New Zone, Panjin, Liaoning 124221, China	17,168	Manufacturing and selling of VCM
UPC Chemicals (Malaysia)	September 20, 2014	A-310, Suite 1, Block A Kelana Square, No. 17, Jalan SS7/26, 47301 PJ Selangor	1,251,836	Manufacturing and selling of DEHP and PA
UPC Chemicals (Thailand)	May 3, 2019	No. 3,371,373 Prism Solution Building, Soi Sukhonthasawat 17, Sukhonthasawat Road, Lat Phrao Sub-District, Lat Phrao District, Bangkok	28,905	Trading
UPC Chemicals (Vietnam)	July 5, 2019	Phuong Tower, 6-02 · 31C, Ly Tu Trong Street, Ben Nghe Ward, Ho Chi Minh City, District 1, Vietnam	17,867	trading

(III) Information of the same shareholders assumed to have control or affiliation relationship: None.

(IV) Information of directors, supervisor and president of affiliates

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares or Investment Amount	Shareholding or Investment Percentage (%)
UPC Technology Corp.		Lien Hwa Industrial Holdings Corp. Rep.:	424,880,973 shares	31.35
	Chairman	Miau, Matthew Feng Chiang	4,419,004 shares	0.33
	Director	Chen, Chun	0 shares	-
	Director	Jiang, Hui Jong	25,358 shares	0.00
	Director	Lin, Hsin Hung	0 shares	-
	Director and President	Ko, Yi-Shaw	2,531,728 shares	0.19
	Director	Hsueh, Chang-Wei	4,853,520 shares	0.36
	Director	Miao, Feng-Sheng	991,241 shares	0.07
	Independent Director	Hwang, Jung-Chiou	0 shares	-
	"	Pan, Wenent P.	0 shares	-
	"	Wang, Paul P.	0 shares	-
Union Venture Capital Corp.		UPC Technology Corp. Rep.:	22,701,000 shares	100.00
	Chairman	Miau, Matthew Feng		
	Director and President	Chou, Teh-Chien		
	Director	Ko, Yi-Shaw		
Wei Chen Investment Co.		UPC Technology Corp. Rep.:	16,000,000 shares	100.00
	Chairman	Ko, Yi-Shaw		
Taiwan Union int'l Investment Corp.		UPC Technology Corp. Rep.:	78,718,500 shares	100.00
	Chairman	Ko, Yi-Shaw		
Constant		Huang, Yi-Fang		
	Director	Jiang, Hui Jong	-	-
Glory Ace		Wu, Cheng-Chien Simon	-	-
	Director	Miau, Matthew Feng Chiang	-	-
Goldendust		Miu, Hermie Hoi-Ming	-	-
	Director	Jiang, Hui Jong	-	-
Star Bright		Wu, Cheng-Chien Simon	-	-
	Director	Jiang, Hui Jong	-	-
Natural		Wu, Cheng-Chien Simon	-	-
	Director	Jiang, Hui Jong	-	-
Pure Fantasy		Miau, Matthew Feng Chiang	-	-
	Director	Miu, Hermie Hoi-Ming	-	-
Magic Props		Miau, Matthew Feng Chiang	-	-
	Director	Miu, Hermie Hoi-Ming	-	-
Charmon		Miau, Matthew Feng Chiang	-	-
	Director	Miu, Hermie Hoi-Ming	-	-
Modern Vantage		Miau, Matthew Feng Chiang	-	-
	Director	Miu, Hermie Hoi-Ming	-	-
Linkhope		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Reachworld		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Daywinn		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Dragonoble		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Pagerise		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Greaterise		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Granfaith		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-
Faithouse		Miau, Matthew Feng Chiang	-	-
	Director	Wu, Cheng-Chien Simon	-	-

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares or Investment Amount	Shareholding or Investment Percentage (%)
Union Hong Kong	Director "	Miau, Matthew Feng Chiang Miu, Hermie Hoi-Ming	- -	- -
Logical Path	Director "	Miau, Matthew Feng Chiang Miu, Hermie Hoi-Ming	- -	- -
Zhongshan Unicizers	Chairman Director " Supervisor President	Goldendust Rep.: Ko, Yi-Shaw Wu, Cheng-Chien Simon Chang, Te-Wei Miu, Hermie Hoi-Ming Ko, Yi-Shaw	US\$108,080,000	100.00
Zhuhai Unicizers	Chairman Director	Zhongshan Unicizers Rep.: Ko, Yi-Shaw Chang, Te-Wei	US\$17,850,000	50.28
	Director	Goldendust Rep.: Wu, Cheng-Chien Simon	US\$9,050,500	25.49
	Supervisor	Pure Fantasy Rep.: Miu, Hermie Hoi-Ming	US\$6,299,500	17.75
	President	Ko, Yi-Shaw		
Zhenjiang Union Chemical	Chairman Director	Zhongshan Unicizers Rep.: Ko, Yi-Shaw Cheng, Hsi Tien	US\$39,050,000	50.49
	Director Supervisor	Magic Props Rep.: Wu, Cheng-Chien Simon Miu, Hermie Hoi-Ming (Co-assignment)	US\$32,320,000	41.79
	President	Ko, Yi-Shaw		
Taizhou Union Chemical	Chairman Director Supervisor	Zhongshan Unicizers Rep.: Ko, Yi-Shaw Cheng, Hsi Tien Miu, Hermie Hoi-Ming	US\$31,763,000	50.10
	Director President	Charmon Rep.: Wu, Cheng-Chien Simon Ko, Yi-Shaw	US\$31,637,000	49.90
Taizhou Union Logistics	Chairman Director Director Supervisor President	Modern Vantage Rep.: Ko, Yi-Shaw Cheng, Hsi Tien Wu, Cheng-Chien Simon Huang, Yi-Fang Ko, Yi-Shaw	US\$23,700,000	100.00
Taizhou Union Plastics	Chairman Director Director	Natural Rep.: Ko, Yi-Shaw Wu, Cheng-Chien Simon Cheng, Hsi Tien	US\$125,596,000	74.41
	Supervisor President	Daywinn Rep.: Huang, Yi-Fang Ko, Yi-Shaw	US\$43,184,000	25.59
Jiangsu Union Logistics	Chairman Director Director Supervisor President	Linkhope Rep.: Ko, Yi-Shaw Wu, Cheng-Chien Simon Cheng, Hsi Tien Huang, Yi-Fang Ko, Yi-Shaw	US\$3,000,000	100.00
Guangdong Union Logistics	Chairman Director Director Supervisor President	Reachworld Rep.: Ko, Yi-Shaw Wu, Cheng-Chien Simon Chang, Te-Wei Huang, Yi-Fang Ko, Yi-Shaw	US\$3,000,000	100.00

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares or Investment Amount	Shareholding or Investment Percentage (%)
Panjin Union Chemical	Chairman	Zhongshan Unicizers Rep.: Ko, Yi-Shaw	US\$54,330,000	51.74
	Director	Chung, Yi Yao		
	Director	Dragonoble Rep.: Wu, Cheng-Chien Simon	US\$50,670,000	48.26
	Supervisor	Huang, Yi-Fang		
	President	Ko, Yi-Shaw		
Panjin Union Logistics	Chairman	Pagerise Rep.: Ko, Yi-Shaw	US\$32,000,000	100.00
	Director	Wu, Cheng-Chien Simon		
	Director	Chung, Yi Yao		
	Supervisor	Huang, Yi-Fang		
	President	Ko, Yi-Shaw		
ZhenJiang Union Torch Estate	Executive Director	Zhenjiang Union Chemical Rep.: Ko, Yi-Shaw	CNY60,000,000	100.00
	Supervisor	Cheng, Hsi Tien		
Panjin Union Materials	Chairman	Greaterise Rep.: Ko, Yi-Shaw	US\$49,000,000	100.00
	Director	Wu, Cheng-Chien Simon		
	Director	Chung, Yi Yao		
	Supervisor	Huang, Yi-Fang		
	President	Ko, Yi-Shaw		
Panjin Union Plastics	Chairman	Taizhou Union Plastics Rep.: Ko, Yi-Shaw	CNY4,000,000	100.00
	Director	Wu, Cheng-Chien Simon		
	Director	Chung, Yi Yao		
	Supervisor	Huang, Yi-Fang		
	President	Ko, Yi-Shaw		
Nanchong Unicizers	Chairman	Zhongshan Unicizers Rep.: Ko, Yi-Shaw	US\$31,620,000	51.00
	Director	Hsu, Tzu-Cheng		
	Director	Granfaith Rep.: Wu, Cheng-Chien Simon	US\$30,380,000	49.00
	Supervisor	Huang, Yi-Fang		
	President	Ko, Yi-Shaw		
Sichung Logistics	Chairman	Faithouse Rep.: Ko, Yi-Shaw	US\$5,000,000	100.00
	Director	Wu, Cheng-Chien Simon		
	Director	Hsu, Tzu-Cheng		
	Supervisor	Huang, Yi-Fang		
	President	Ko, Yi-Shaw		
UPC Chemicals (Malaysia)	Director	Ko, Yi-Shaw	-	-
	Director	Wu, Cheng-Chien Simon		
	Director	Wu, Wei-Ting		
	President	Wu, Wei-Ting		
UPC Chemicals (Thailand)	Director	UPC Chemicals (Malaysia) Rep.: Ko, Yi-Shaw	THB30,000,000	100.00
	Director	Wu, Cheng-Chien Simon		
	Director	Wu, Wei-Ting		
	President	Wu, Wei-Ting		
UPC Chemicals (Vietnam)	Director	UPC Chemicals (Malaysia) Rep.: Ko, Yi-Shaw	US\$600,000	100.00
	Director	Wu, Cheng-Chien Simon		
	Director	Wu, Wei-Ting		
	President	Wu, Wei-Ting		

(V)The business overview of each affiliate

Unit: Except the unit of earnings per share is in new Taiwan dollar, other numbers are in thousands of New Taiwan dollars.

Enterprise Name	Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating Income (Loss)	Income (Loss) after tax of this fiscal year	Earnings per share (Loss) (after tax)
UPC Technology Corp.	13,547,626	42,628,371	16,522,169	26,106,202	5,503,668	(174,418)	(1,236,224)	(0.94)
Union Venture Capital Corp.	227,010	421,628	28,238	393,390	-	(16,629)	(25,567)	(1.13)
Constant	13,127,287	23,743,638	559	23,743,079	-	(1,751)	(1,657,934)	(3.46)
Wei Chen Investment Co.	160,000	295,440	140	295,300	-	(120)	34,070	2.13
Taiwan Union int'l Investment Corp.	787,185	1,385,584	557	1,385,027	-	(2,565)	84,253	1.07
Glory Ace	128,451	623,624	23,750	599,874	-	(84)	(48)	(0.08)
Goldendust	3,070,575	7,256,977	-	7,256,977	-	-	(874,279)	(9.08)
Star Bright	1,348	279,610	-	279,610	-	-	(44,923)	(880.84)
Natural	3,278,180	4,200,036	-	4,200,036	-	-	(165,740)	(1.57)
Pure Fantasy	217,544	422,644	-	422,644	-	-	(103,715)	(16.38)
Magic Props	919,533	2,069,422	-	2,069,422	-	-	(73,493)	(2.61)
Modern Vantage	763,540	804,135	-	804,135	-	-	96,296	3.80
Charmon	972,950	1,295,577	-	1,295,577	-	-	10,856	0.34
Inno Strategy	(Note 1)	-	-	-	-	(152)	478	5.14
Linkhope	88,755	259,245	-	259,245	-	-	12,805	4.27
Reachworld	87,960	195,667	-	195,667	-	-	10,151	3.38
Daywinn	711,773	1,444,416	-	1,444,416	-	-	(56,998)	(2.44)
Dragonoble	1,494,521	684,569	-	684,569	-	-	(214,833)	(4.30)
Pagerise	965,857	1,023,628	-	1,023,628	-	-	14,234	0.44
Greaterise	1,502,187	1,470,501	-	1,470,501	-	-	(180,122)	(3.88)
Granfaith	922,434	355,477	-	355,477	-	-	(109,237)	(3.60)
Faithouse	150,500	160,248	-	160,248	-	-	1,957	0.39
Prestige Spring	(Note 2)	-	-	-	-	-	(50,967)	(1.30)
Union Hong Kong	913,293	2,477,244	1,327,313	1,149,931	10,799,062	69,551	71,692	0.31
Logical Path	37	279,601	-	279,601	-	-	(44,923)	(4.92)
Zhongshan Unicizers	3,355,306	7,476,521	1,010,156	6,466,365	5,436,449	(21,667)	(718,852)	(Note 3)
Zhuhai Unicizers	1,180,040	4,622,438	2,343,211	2,279,227	13,474,611	(701,360)	(583,949)	"
Zhenjiang Union Chemical	2,510,006	5,645,243	1,192,357	4,452,886	14,848,084	(265,487)	(175,864)	"
Taizhou Union Chemical	1,965,092	3,429,864	847,890	2,581,974	9,838,545	107,104	21,756	"
Taizhou Union Logistics	713,981	925,591	121,457	804,134	329,714	125,395	96,296	"
Taizhou Union Plastics	5,177,353	6,545,822	901,371	5,644,451	10,707,490	(381,315)	(222,739)	(Note 3)
Jiangsu Union Logistics	88,755	293,982	34,737	259,245	344,237	13,918	12,805	"
Guangdong Union Logistics	87,960	213,816	18,152	195,664	218,374	8,256	10,151	"
Panjin Union Chemical	3,152,346	5,637,772	4,175,910	1,461,862	11,740,329	(521,305)	(445,158)	"
Panjin Union Logistics	965,857	1,624,813	601,185	1,023,628	239,901	(4,065)	14,234	"
Zhenjiang Union Torch Estate	279,803	966,634	730,820	235,814	(47,827)	(508)	(3,925)	"
Panjin Union Materials	1,502,187	3,020,214	1,549,713	1,470,501	1,419,947	(233,047)	(180,122)	"
Pinjin Union Plastics	17,168	17,771	-	17,771	-	(1)	129	"
Nanchong Unicizers	1,902,260	2,658,531	1,924,930	733,601	3,596,828	(288,762)	(222,933)	"
Sichung Logistics	163,052	166,503	6,596	159,907	56,214	(178)	1,957	"
UPC Chemicals (Malaysia)	1,251,836	2,578,192	816,144	1,762,048	5,584,979	(69,160)	(98,229)	(0.60)
UPC Chemicals (Thailand)	28,905	292,131	283,235	8,896	728,354	(51)	(8,093)	(0.27)
UPC Chemicals (Vietnam)	17,867	203,302	190,997	12,305	870,090	(16,713)	(21,485)	(Note 3)

Note 1: Inno Strategy has ceased operations and completed liquidation procedures in December 2022.

Note 2: For operation strategy and management, the board of directors resolved organizational restructuring in November 2022. CHL, a subsidiary of the company, absorbed and merged 100% of Prestige Spring. After the merger, CHL is the surviving company, and Prestige Spring is the eliminated company.

Note3: It is a limited company.

(VI) The industry and work division of each affiliate

1. The industry of affiliates: please refer to (II). The main business and manufacture item of affiliate basic information.
2. Business relationship and work division of affiliates:
 - (1) Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Zhenjiang Union Chemical Industry Co., Ltd., Panjin Union Chemical Industrial Co., Ltd., Nanchong Unicizers Industrial Co., Ltd. and UPC Chemicals (Malaysia) Sdn. Bhd., etc. Import raw materials and mechanical equipment through Union Hong Kong.
 - (2) Guangdong Union Logistics Co., Ltd., Jiangsu Union Logistics Co. Ltd., Taizhou Union Logistics Co., Ltd., Sichung Logistics Co., Ltd. And Panjin Union Logistics Co., Ltd. And other warehousing and logistics companies provide related services to respective affiliates.
 - (3) Each affiliate cooperates with the group's sales strategy, market and customer needs, and flexibly dispatches inventory.
 - (4) With respect to other business, there is no upstream or downstream relationship and work division.

II. The most recent year and as of publish the date of annual report, the private placement of securities information: None.

III. The most recent year and as of publish the date of annual report, information of holding or disposal of the Company shares by the subsidiaries: None.

IV. Other matters that require additional description: None.

V. The most recent year and as of publish the date of annual report, any situations of listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which significant impact on shareholders' equity and the Company securities price : None.

Attachment 1: The financial statements for the most recent fiscal year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of UPC Technology Corp. 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 of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, UPC Technology Corp. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

UPC TECHNOLOGY CORP.

By

MIAU, MATTHEW FENG CHIANG
Chairman

March 6, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
UPC Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of UPC Technology Corp. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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 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 (FSC) 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 the Standards on Auditing 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, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Recognition of Operating Revenue

The Group's main revenue came from the sales of plasticizers. Considering that the recognition of such revenue had a significant impact on the financial statements, the authenticity of sales revenue from customers with substantial growth and amount was identified as a key audit matter for the current year. In response to the aforementioned key audit matter, we performed audit procedures as follows: We assessed the related internal controls, checked the transaction records and supporting documents to ensure the occurrence of the transactions and confirmed that the recognition of revenue was in compliance with IFRS. For the accounting policies on revenue recognition, please refer to Note 4 (n) of the consolidated financial statements.

Other Matter

We have also audited the parent company only financial statements of UPC Technology Corp. 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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC 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, including 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 Standards on Auditing 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 Standards on Auditing 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 and appropriate audit evidence regarding the financial information of 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 statements 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 audits resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 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 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.

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,244,635	8	\$ 4,344,203	8
Financial assets at fair value through profit or loss (Note 7)	42,227	-	25,665	-
Financial assets at fair value through other comprehensive income (Note 8)	913,027	2	1,163,669	2
Financial assets at amortized cost (Notes 9 and 33)	33,907	-	33,049	-
Notes receivable (Notes 10 and 17)	650,645	1	878,722	2
Trade receivables (Note 10)	2,890,043	6	4,063,394	8
Other receivables (Note 10)	237,456	-	240,416	-
Other receivables from related parties (Note 32)	2,162	-	3,856	-
Current tax assets (Note 26)	182,876	-	142,571	-
Inventories (Note 11)	8,892,941	18	8,633,424	16
Other current assets (Note 16)	<u>1,791,607</u>	<u>4</u>	<u>2,767,300</u>	<u>5</u>
Total current assets	<u>19,881,526</u>	<u>39</u>	<u>22,296,269</u>	<u>41</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	10,834,137	21	12,739,478	24
Investments accounted for using the equity method (Note 13)	22,979	-	18,441	-
Property, plant and equipment (Notes 14)	16,135,794	32	15,711,926	29
Right-of-use assets (Note 15)	1,522,968	3	1,534,786	3
Computer software	8,548	-	10,797	-
Deferred income tax assets (Note 26)	1,418,713	3	819,056	2
Other non-current assets (Notes 16 and 32)	<u>737,757</u>	<u>2</u>	<u>641,091</u>	<u>1</u>
Total non-current assets	<u>30,680,896</u>	<u>61</u>	<u>31,475,575</u>	<u>59</u>
TOTAL	<u>\$ 50,562,422</u>	<u>100</u>	<u>\$ 53,771,844</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 10 and 17)	\$ 4,134,727	8	\$ 3,036,758	6
Notes payable (Note 19)	202,516	1	508,722	1
Trade payables (Notes 19 and 32)	1,597,899	3	2,171,713	4
Other payables (Note 20)	1,347,449	3	1,493,655	3
Current tax liabilities (Note 26)	78,633	-	105,721	-
Provisions (Note 21)	113,123	-	68,039	-
Lease liabilities (Note 15)	13,446	-	13,155	-
Current portion of long-term liabilities (Notes 17 and 18)	6,056,151	12	300,000	-
Other current liabilities (Note 20)	<u>653,274</u>	<u>1</u>	<u>950,061</u>	<u>2</u>
Total current liabilities	<u>14,197,218</u>	<u>28</u>	<u>8,647,824</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	2,995,345	6	5,991,133	11
Long-term borrowings (Notes 17 and 34)	6,540,457	13	8,486,830	16
Provisions (Note 21)	12,349	-	10,363	-
Deferred tax liabilities (Note 26)	282,658	1	276,219	1
Lease liabilities (Note 15)	17,443	-	25,556	-
Long-term deferred revenue (Note 29)	161,077	-	171,296	-
Net defined benefit liabilities (Note 22)	235,890	-	252,480	-
Guarantee deposits received (Note 32)	<u>13,783</u>	<u>-</u>	<u>13,406</u>	<u>-</u>
Total non-current liabilities	<u>10,259,002</u>	<u>20</u>	<u>15,227,283</u>	<u>28</u>
Total liabilities	<u>24,456,220</u>	<u>48</u>	<u>23,875,107</u>	<u>44</u>
EQUITY (Note 23)				
Share capital				
Ordinary shares	13,547,626	27	13,471,206	25
Capital collected in advance	<u>4,288</u>	<u>-</u>	<u>6,559</u>	<u>-</u>
Total share capital	<u>13,551,914</u>	<u>27</u>	<u>13,477,765</u>	<u>25</u>
Capital surplus	<u>1,387,955</u>	<u>3</u>	<u>1,388,431</u>	<u>3</u>
Retained earnings				
Legal reserve	2,838,651	6	2,581,282	5
Special reserve	341,773	1	341,773	1
Unappropriated earnings	<u>2,202,427</u>	<u>4</u>	<u>4,914,231</u>	<u>9</u>
Total retained earnings	<u>5,382,851</u>	<u>11</u>	<u>7,837,286</u>	<u>15</u>
Other equity	<u>6,222,423</u>	<u>12</u>	<u>7,632,196</u>	<u>14</u>
Treasury shares	<u>(438,941)</u>	<u>(1)</u>	<u>(438,941)</u>	<u>(1)</u>
Total equity	<u>26,106,202</u>	<u>52</u>	<u>29,896,737</u>	<u>56</u>
TOTAL	<u>\$ 50,562,422</u>	<u>100</u>	<u>\$ 53,771,844</u>	<u>100</u>

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

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except (Losses) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 24)				
Sales	\$ 72,526,564	100	\$ 81,787,061	100
Other operating revenue	<u>293,079</u>	<u>-</u>	<u>155,367</u>	<u>-</u>
Total operating revenue	<u>72,819,643</u>	<u>100</u>	<u>81,942,428</u>	<u>100</u>
OPERATING COSTS (Note 25)				
Cost of goods sold (Notes 11 and 32)	72,268,449	100	76,694,876	94
Other operating cost	<u>207,184</u>	<u>-</u>	<u>108,976</u>	<u>-</u>
Total operating costs	<u>72,475,633</u>	<u>100</u>	<u>76,803,852</u>	<u>94</u>
GROSS PROFIT	<u>344,010</u>	<u>-</u>	<u>5,138,576</u>	<u>6</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	1,655,065	2	1,609,480	2
General and administrative expenses	1,066,502	2	1,075,547	1
Expected credit (gain) loss	<u>(4,931)</u>	<u>-</u>	<u>5,660</u>	<u>-</u>
Total operating expenses	<u>2,716,636</u>	<u>4</u>	<u>2,690,687</u>	<u>3</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(2,372,626)</u>	<u>(4)</u>	<u>2,447,889</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates accounted for using the equity method (Note 13)	133	-	12	-
Interest income (Note 24)	29,402	-	26,722	-
Other income (Notes 25 and 32)	1,154,081	1	671,133	1
Other gains and losses (Note 25)	(245,437)	-	(143,192)	-
Finance costs (Note 25)	<u>(287,775)</u>	<u>-</u>	<u>(233,694)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>650,404</u>	<u>1</u>	<u>320,981</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	(1,722,222)	(3)	2,768,870	3
INCOME TAX BENEFIT (EXPENSE) (Note 26)	<u>485,998</u>	<u>1</u>	<u>(621,408)</u>	<u>(1)</u>
NET (LOSS) PROFIT	<u>(1,236,224)</u>	<u>(2)</u>	<u>2,147,462</u>	<u>2</u>

(Continued)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except (Losses) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 18,729	-	\$ (24,602)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,085,072)	(3)	4,167,086	5
Share of the other comprehensive gain (loss) of associates accounted for using the equity method (Note 13)	2,312	-	(9)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>(3,750)</u>	<u>-</u>	<u>4,920</u>	<u>-</u>
	<u>(2,067,781)</u>	<u>(3)</u>	<u>4,147,395</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	763,468	1	(260,103)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	<u>(11,840)</u>	<u>-</u>	<u>3,130</u>	<u>-</u>
	<u>751,628</u>	<u>1</u>	<u>(256,973)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,316,153)</u>	<u>(2)</u>	<u>3,890,422</u>	<u>5</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (2,552,377)</u>	<u>(4)</u>	<u>\$ 6,037,884</u>	<u>7</u>
(LOSSES) EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ (0.94)</u>		<u>\$ 1.66</u>	
Diluted			<u>\$ 1.62</u>	

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

(Concluded)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

									Other Equity				
	Share Capital				Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total Equity
	Ordinary Shares	Capital Collected in Advance	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2021	\$ 13,323,476	\$ -	\$ 13,323,476	\$ 1,361,372	\$ 2,339,154	\$ 341,773	\$ 3,875,019	\$ 6,555,946	\$ (896,268)	\$ 5,064,268	\$ 4,168,000	\$ (454,093)	\$ 24,954,701
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	242,128	-	(242,128)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,292,348)	(1,292,348)	-	-	-	-	(1,292,348)
Dividends from claims extinguished by prescription	-	-	-	585	-	-	-	-	-	-	-	-	585
Net profit in 2021	-	-	-	-	-	-	2,147,462	2,147,462	-	-	-	-	2,147,462
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	(19,682)	(19,682)	(256,973)	4,167,077	3,910,104	-	3,890,422
Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,127,780	2,127,780	(256,973)	4,167,077	3,910,104	-	6,037,884
Issue of ordinary shares under employee share options	147,730	6,559	154,289	(16,250)	-	-	-	-	-	-	-	-	138,039
Treasury shares transferred to employees	-	-	-	(2,721)	-	-	-	-	-	-	-	15,152	12,431
Share-based payment transaction - employees share option plan	-	-	-	45,445	-	-	-	-	-	-	-	-	45,445
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	445,908	445,908	-	(445,908)	(445,908)	-	-
BALANCE AT DECEMBER 31, 2021	13,471,206	6,559	13,477,765	1,388,431	2,581,282	341,773	4,914,231	7,837,286	(1,153,241)	8,785,437	7,632,196	(438,941)	29,896,737
Appropriation of 2021 earnings													
Legal reserve	-	-	-	-	257,369	-	(257,369)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,311,831)	(1,311,831)	-	-	-	-	(1,311,831)
Dividends from claims extinguished by prescription	-	-	-	296	-	-	-	-	-	-	-	-	296
Net loss in 2022	-	-	-	-	-	-	(1,236,224)	(1,236,224)	-	-	-	-	(1,236,224)
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	14,979	14,979	751,628	(2,082,760)	(1,331,132)	-	(1,316,153)
Total comprehensive (loss) income in 2022	-	-	-	-	-	-	(1,221,245)	(1,221,245)	751,628	(2,082,760)	(1,331,132)	-	(2,552,377)
Issue of ordinary shares under employee share options	76,420	(6,559)	69,861	(10,114)	-	-	-	-	-	-	-	-	59,747
Advance share payments for issuing of ordinary shares under employee share options	-	4,288	4,288	-	-	-	-	-	-	-	-	-	4,288
Share-based payment transaction - employees share option plan	-	-	-	9,342	-	-	-	-	-	-	-	-	9,342
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	78,641	78,641	-	(78,641)	(78,641)	-	-
BALANCE AT DECEMBER 31, 2022	\$ 13,547,626	\$ 4,288	\$ 13,551,914	\$ 1,387,955	\$ 2,838,651	\$ 341,773	\$ 2,202,427	\$ 5,382,851	\$ (401,613)	\$ 6,624,036	\$ 6,222,423	\$ (438,941)	\$ 26,106,202

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

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (1,722,222)	\$ 2,768,870
Adjustments for:		
Expected credit (gain) loss recognized on trade receivables	(4,931)	5,660
Depreciation expense	1,777,274	1,748,984
Amortization expense	220,595	206,011
Finance costs	287,775	233,694
Interest income	(29,402)	(26,722)
Dividend income	(569,529)	(378,426)
Compensation costs of employee share-based payment	9,342	45,445
Loss on disposal of property, plant and equipment	5,873	17,708
Gain on disposal of right-of-use assets	-	(125,554)
Net gain on fair value changes of financial assets as at fair value through profit or loss	(162)	(50)
Share of loss of associates accounted	(133)	(12)
Long-term deferred revenue transferred to other income	(12,976)	(12,703)
(Reversal of write-down) write-down of inventories	(354,798)	596,543
Changes in operating assets and liabilities:		
Notes receivable	228,246	(256,762)
Trade receivables	1,178,962	(704,701)
Other receivables	5,757	(44,281)
Other receivables from related parties	1,694	(257)
Inventories	81,335	(3,354,543)
Other current assets	975,693	(941,552)
Notes payable	(306,206)	226,799
Trade payables	(573,814)	670,990
Other payables	(137,674)	(55,854)
Provisions	47,070	(44,699)
Other current liabilities	(296,787)	323,578
Net defined benefit liabilities	2,139	(5,794)
Cash generated from operations	813,121	892,372
Interest received	26,605	29,910
Income tax paid	(166,523)	(975,421)
Net cash generated from (used in) operating activities	673,203	(53,139)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(27,374)	(287,655)
Proceeds from disposal of financial assets at fair value through other comprehensive income	85,359	703,291
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	13,527	23,044

(Continued)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets at amortized cost	\$ (343)	\$ (288)
Purchase of financial assets at fair value through profit or loss	(17,400)	-
Proceeds from sale of financial assets at fair value through profit or loss	1,000	-
Purchase for property, plant and equipment (including prepayments for equipment)	(1,968,676)	(2,009,963)
Proceeds from disposal of property, plant and equipment	13,276	11,481
Increase in refundable deposits	(8,766)	(14,237)
Decrease in refundable deposits	714	5,024
Payments for computer software	(6,978)	(3,546)
Proceeds from disposal of right-of-use assets	-	148,147
Increase in other non-current assets	(239,792)	(228,713)
Dividends received	<u>569,566</u>	<u>378,426</u>
Net cash used in investing activities	<u>(1,585,887)</u>	<u>(1,274,989)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	2,994,908	-
Proceeds from short-term borrowings	47,005,302	45,721,073
Repayments of short-term borrowings	(45,948,841)	(44,262,594)
Proceeds from long-term borrowings	36,426,350	40,092,350
Repayments of long-term borrowings	(38,613,022)	(37,913,326)
Proceeds from guarantee deposits received	405	27
Refund of guarantee deposits received	(28)	(10)
Repayment of the principal portion of lease liabilities	(13,209)	(17,683)
Cash dividends paid	(1,311,831)	(1,292,348)
Proceeds from exercise of employee share options	64,035	138,039
Proceeds from treasury shares transferred to employees	-	12,431
Interest paid	<u>(248,251)</u>	<u>(230,482)</u>
Net cash generated from financing activities	<u>355,818</u>	<u>2,247,477</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>457,298</u>	<u>(199,012)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(99,568)	720,337
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,344,203</u>	<u>3,623,866</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,244,635</u>	<u>\$ 4,344,203</u>

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

(Concluded)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except As Stated Otherwise)

1. GENERAL

UPC Technology Corp. (the “Company”), incorporated in August 1976, mainly manufactures and sells petrochemical products such as phthalic anhydride and plasticizer. The Company’s shares have been listed on the Taiwan Stock Exchange since March 1989.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 6, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application 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 initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the above standards and interpretations endorsed by the FSC did not have any material impact on the Group's financial position and financial performance.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the related standards and interpretations above on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months or an operating cycle (e.g. land held for construction site) after the reporting period; and
- 3) Cash and cash equivalents.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions and up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

See Note 12, Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (i.e., 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. Exchange differences on monetary item arising from settlement or translation are recognized in profit or loss in the period 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 from 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 at historical cost in foreign currencies are not translated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company's foreign operations (including subsidiaries and associates in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Cash equivalents

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

g. Inventories

Inventories consist of merchandise inventories, raw materials, supplies, finished goods, semi-finished goods, work in progress and land held for construction site. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful life, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Computer software

Computer software is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, 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. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the computer software before the end of its economic life.

Computer software shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of computer software, which are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. 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.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively. Remeasurement gains or losses recognized in other gains or losses incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables and other receivables at amortized cost, time deposits with original maturities of more than 3 months and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. 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 as 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, it will be transferred to retained earnings.

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are remeasurement gains or losses recognized in profit or loss.

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of petrochemical products. Sales of petrochemical products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. The Group recognizes revenue and trade receivables concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the warehousing and logistics services. Revenue from services is recognized when services are provided according to contracts.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) 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.

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. A lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of the modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (even if the assets take a long time to be ready for their intended use or sale) 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.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs/in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans.

s. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the employees are informed.

t. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 237	\$ 234
Checking accounts and demand deposits	3,806,491	4,301,335
Cash equivalents (investments with original maturities of 3 months or less)		
Bank acceptances	39,405	37,170
Time deposits	<u>398,502</u>	<u>5,464</u>
	<u>\$ 4,244,635</u>	<u>\$ 4,344,203</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	December 31	
	2022	2021
Bank balance	0.00%-2.03%	0.00%-2.03%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 42,227</u>	<u>\$ 25,665</u>

The Group did not enter into any derivatives trading during 2022 and 2021.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - INVESTMENTS IN EQUITY INSTRUMENTS

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 913,027</u>	<u>\$ 1,163,669</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 10,162,630	\$ 11,990,875
Unlisted shares	<u>671,501</u>	<u>699,460</u>
	<u>10,834,131</u>	<u>12,690,335</u>

(Continued)

	December 31	
	2022	2021
Foreign investments		
Listed shares	\$ -	\$ 49,135
Unlisted shares	<u>6</u>	<u>8</u>
	<u>6</u>	<u>49,143</u>
	<u>\$ 10,834,137</u>	<u>\$ 12,739,478</u>
		(Concluded)

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Restricted deposits	<u>\$ 33,907</u>	<u>\$ 33,049</u>

The interest rate for restricted deposits was both 0.30% as of December 31, 2022 and 2021.

Refer to Note 33 for information relating to financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 650,764	\$ 879,010
Less: Allowance for impairment loss	<u>(119)</u>	<u>(288)</u>
	<u>\$ 650,645</u>	<u>\$ 878,722</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,907,542	\$ 4,085,102
Less: Allowance for impairment loss	<u>(17,499)</u>	<u>(21,708)</u>
	<u>\$ 2,890,043</u>	<u>\$ 4,063,394</u>
		(Continued)

	December 31	
	2022	2021
<u>Other receivables</u>		
Interest receivables	\$ 3,324	\$ 527
Others	<u>234,132</u>	<u>239,889</u>
	<u>\$ 237,456</u>	<u>\$ 240,416</u>
		(Concluded)

Refer to Notes 17 and 31(e) for information relating to discounted notes receivable.

The average credit period of sales of goods was 30 days.

Before accepting any new customer, the Group used an internal credit scoring system to assess the potential customer's credit quality and defined credit limits. The credit limits and rating would be evaluated twice a year.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

As of December 31, 2022 and 2021, the balance of receivables from individual customer did not exceed 5% of the total balance of receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The provision for loss allowance base on the Group's different customer base.

The Group recognized 100% of the amount as allowance for impairment loss when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 1 year past due. For trade receivables that recognized 100% of the amount as allowance for impairment loss, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Credit Rating D	Credit Rating E	Notes Receivable	Total
Gross carrying amount	\$ 1,249,970	\$ 758,988	\$ 171,047	\$ 251,575	\$ 475,962	\$ 650,764	\$ 3,558,306
Loss allowance (Lifetime ECL)	<u>(2,238)</u>	<u>(2,386)</u>	<u>(1,094)</u>	<u>(1,905)</u>	<u>(9,876)</u>	<u>(119)</u>	<u>(17,618)</u>
Amortized cost	<u>\$ 1,247,732</u>	<u>\$ 756,602</u>	<u>\$ 169,953</u>	<u>\$ 249,670</u>	<u>\$ 466,086</u>	<u>\$ 650,645</u>	<u>\$ 3,540,688</u>

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Credit Rating D	Credit Rating E	Notes Receivable	Total
Gross carrying amount	\$ 1,655,637	\$ 815,334	\$ 519,253	\$ 372,769	\$ 722,109	\$ 879,010	\$ 4,964,112
Loss allowance (Lifetime ECL)	<u>(4,182)</u>	<u>(4,921)</u>	<u>(2,735)</u>	<u>(3,108)</u>	<u>(6,762)</u>	<u>(288)</u>	<u>(21,996)</u>
Amortized cost	<u>\$ 1,651,455</u>	<u>\$ 810,413</u>	<u>\$ 516,518</u>	<u>\$ 369,661</u>	<u>\$ 715,347</u>	<u>\$ 878,722</u>	<u>\$ 4,942,116</u>

The aging of receivables was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Not past due	\$ 3,549,008	\$ 4,943,027
Up to 30 days	8,915	19,132
31-60 days	83	41
61-90 days	-	7
Over 91 days	<u>300</u>	<u>1,905</u>
	<u>\$ 3,558,306</u>	<u>\$ 4,964,112</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 21,708	\$ 19,770
Add: Net remeasurement of loss allowance	25,385	5,943
Less: Net remeasurement of loss allowance	(30,147)	-
Less: Amounts written off	-	(3,825)
Foreign exchange gains and losses	<u>553</u>	<u>(180)</u>
Balance at December 31	<u>\$ 17,499</u>	<u>\$ 21,708</u>

The movements of the loss allowance of notes receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 288	\$ 571
Less: Net remeasurement of loss allowance	<u>(169)</u>	<u>(283)</u>
Balance at December 31	<u>\$ 119</u>	<u>\$ 288</u>

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 3,117,158	\$ 3,243,432
Semi-finished goods	389,407	225,931
Work in progress	181,677	225,359
Raw materials	2,309,136	2,535,068
Supplies	970,837	584,003
Inventory in transit	1,397,162	1,662,724
Land held for construction site	<u>870,625</u>	<u>840,820</u>
	9,236,002	9,317,337
Less: Allowance for loss	<u>(343,061)</u>	<u>(683,913)</u>
	<u>\$ 8,892,941</u>	<u>\$ 8,633,424</u>

The cost of goods sold recognized by the Group is all related to inventories.

The cost of goods sold for the years ended December 31, 2022 and 2021 included reversal of inventory write-downs of \$(354,798) thousand and the inventory write-downs \$596,543 thousand, respectively. Inventory write-downs were reversed as a result of increased selling prices in certain markets.

As of December 31, 2022 and 2021, land held for construction site are expected to be recovered after more than 12 months.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership		Description	Remark
			(%)			
			December 31			
			2022	2021		
The Company	Constant Holdings Ltd. (CHL)	Investment activities	100.00	100.00		1)
The Company	Glory Ace	Trading	100.00	100.00		2)
The Company	Union Venture Capital Corp. (UVC)	Investment activities	100.00	100.00		2)
The Company	Wei Chen Investment Co. (WCI)	Investment activities	100.00	100.00		2)
The Company	Taiwan Union International Investment Corporation (TUI)	Investment activities	100.00	100.00		2)
The Company	UPC Chemicals (Malaysia)	Manufacturing and selling of PLASTICIZERS and PA	100.00	-		4)
CHL	Star Bright	Investment activities	100.00	100.00		2)
CHL	Goldendust	Investment activities	100.00	100.00		1)
CHL	Natural	Investment activities	100.00	100.00		1)
CHL	Magic Props	Investment activities	100.00	100.00		2)
CHL	Pure Fantasy	Investment activities	100.00	100.00		2)
CHL	Union Hong Kong	Trading	100.00	100.00		2)
CHL	Modern Vantage	Investment activities	100.00	100.00		2)
CHL	Charmon	Investment activities	100.00	100.00		2)
CHL	Linkhope	Investment activities	100.00	100.00		2)
CHL	Reachworld	Investment activities	100.00	100.00		2)
CHL	Daywinn	Investment activities	100.00	100.00		2)
CHL	Dragonoble	Investment activities	100.00	100.00		2)
CHL	Pagerise	Investment activities	100.00	100.00		2)
CHL	Faithouse	Investment activities	100.00	100.00		2)
CHL	Greaterise	Investment activities	100.00	100.00		2)
CHL	Granfaith	Investment activities	100.00	100.00		2)
CHL	Prestige Spring	Investment activities	-	100.00		4)
UVC	Inno Strategy	Investment activities	-	100.00		3)
Star Bright	Logical Path Ltd.	Investment activities	100.00	100.00		2)
Goldendust	Zhongshan Unicizers	Manufacturing and selling of PLASTICIZERS and PA	100.00	100.00		1)
Natural and Daywinn	Taizhou Union Plastics	Manufacturing and selling of PVC	100.00	100.00	Natural holds 74.41% and Daywinn holds 25.59%.	1)
Modern Vantage	Taizhou Union Logistics	Warehousing and storage services	100.00	100.00		2)
Charmon and Zhongshan Unicizers	Taizhou Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	100.00	100.00	Charmon holds 49.90% and Zhongshan Unicizers holds 50.10%.	2)
Linkhope	Jiangsu Union Logistics	Rendering logistics services	100.00	100.00		2)
Reachworld	Guangdong Union Logistics	Rendering logistics services	100.00	100.00		2)
Dragonoble and Zhongshan Unicizers	Panjin Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	100.00	100.00	Dragonoble holds 48.26% and Zhongshan Unicizers holds 51.74%.	2)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Description	Remarks
			(%)			
			December 31			
			2022	2021		
Pagerise	Panjin Union Logistics	Warehousing and storage services	100.00	100.00		2)
Greaterise	Panjin Union Materials	Manufacturing and selling of MA and related derivatives	100.00	100.00		2)
Zhongshan Unicizers Logical Path Ltd. Pure Fantasy and Goldendust	Zhuhai Unicizers	Manufacturing and selling of PLASTICIZERS, PA and MA	100.00	100.00	Zhongshan Unicizers holds 50.28%, Logical Path Ltd. 6.48%, Pure Fantasy holds 17.75% and Goldendust holds 25.49%.	1)
Zhongshan Unicizers, Logical Path Ltd. Goldendust and Magic Props	Zhenjiang Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	100.00	100.00	Zhongshan Unicizers holds 50.49%, Logical Path Ltd. holds 4.01%, Goldendust holds 3.71% and Magic Props holds 41.79%.	1)
Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	Real Estate Management	100.00	100.00		2)
Granfaith and Zhongshan Unicizers	Nanchong Unicizers	Manufacturing and selling of PLASTICIZERS and PA	100.00	100.00	Granfaith holds 49.00% and Zhongshan Unicizers holds 51.00%.	2)
Prestige Spring	UPC Chemicals (Malaysia)	Manufacturing and selling of PLASTICIZERS and PA	-	100.00		4)
Faithouse	Sichung Logistics	Rendering logistics services	100.00	100.00		2)
UPC Chemicals (Malaysia)	UPCM Trading (Thailand) Company Limited	Trading	100.00	100.00		2)
UPC Chemicals (Malaysia)	UPCM Trading (Vietnam) Company Limited	Trading	100.00	100.00		2)
Taizhou Union Plastics	Panjin Union Plastics	Manufacturing and selling of VCM	100.00	100.00	Incorporated in August 2021	2)
(Concluded)						

(Concluded)

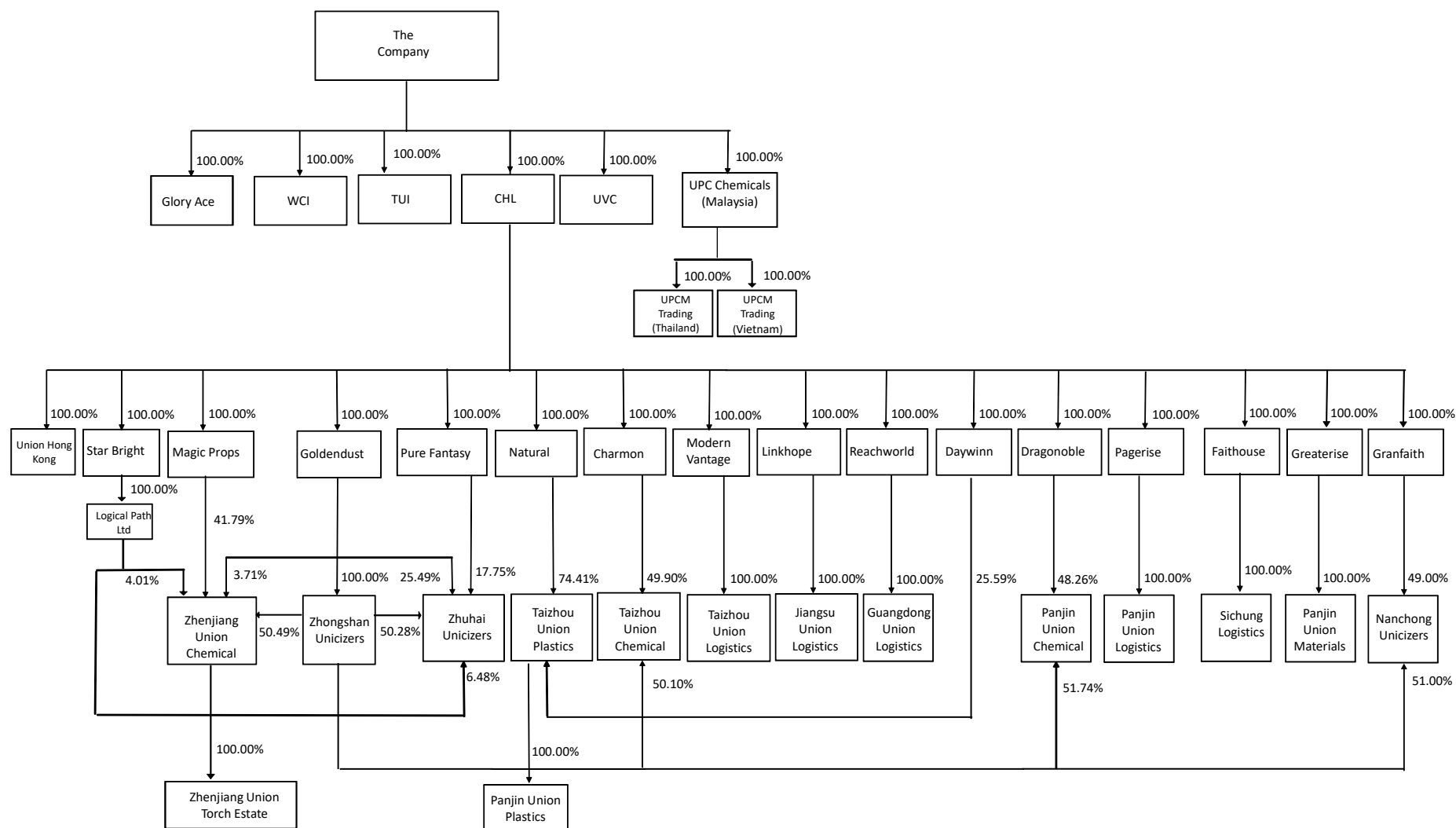
Remark 1: Material subsidiary.

Remark 2: Immaterial subsidiary.

Remark 3: Inno Strategy has ceased its operations and finished the liquidation procedures in December 2022.

Remark 4: Due to operational strategy and management considerations, the board of directors of the Group approved an organizational restructuring in November 2022, and its parent company acquired 100% of the equity interest of UPC Chemicals (Malaysia) from Prestige Spring, a subsidiary of CHL, for \$1,838,838 thousand, and then CHL, a subsidiary of the parent company, absorbed and merged 100% equity of Prestige Spring. After the merger, CHL would be the surviving company while Prestige Spring would be dissolved in the merger, and CHL conducted capital reduction and returned \$1,838,838 thousand to the parent company.

As of December 31, 2022, the investment relationship and shareholding ratio of the Company and the individuals controlled by the Company are as follows:



b. Subsidiaries excluded from the consolidated financial statements: None.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates that are not individually material	December 31	
	2022	2021
Unlisted company		
Harbinger Ruyi	\$ 22,979	\$ 18,441

As the end of the reporting period, the proportion of ownership and voting rights on associates held by the Group were as follows:

Name of Associate	December 31	
	2022	2021
Harbinger Ruyi	28.57%	28.57%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Income	\$ 133	\$ 12
Other comprehensive income (loss)	2,312	(9)
Total comprehensive loss	\$ 2,445	\$ 3

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Warehousing Equipment	Utilities Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
Cost									
Balance at January 1, 2021	\$ 1,126,898	\$ 8,018,810	\$ 12,032,614	\$ 4,004,806	\$ 3,684,379	\$ 296,628	\$ 1,388,651	\$ 1,562,547	\$ 32,115,333
Additions	-	151,991	107,129	82,233	177,277	40,879	64,985	1,181,663	1,806,157
Disposals	-	(4,544)	(221,984)	(80,640)	(66,072)	(28,134)	(36,437)	(25,541)	(463,352)
Reclassification	-	110,266	124,988	274,811	135,362	1,957	(2,244)	(645,937)	(797)
Effects of foreign currency exchange differences	-	(48,488)	(68,616)	(24,737)	(17,838)	(2,094)	(8,238)	(9,089)	(179,100)
Balance at December 31, 2021	\$ 1,126,898	\$ 8,228,035	\$ 11,974,131	\$ 4,256,473	\$ 3,913,108	\$ 309,236	\$ 1,406,717	\$ 2,063,643	\$ 33,278,241
Accumulated depreciation									
Balance at January 1, 2021		\$ 2,397,142	\$ 7,715,897	\$ 2,353,059	\$ 2,684,279	\$ 168,171	\$ 1,071,325		\$ 16,389,873
Disposals		(21,319)	(209,492)	(75,546)	(65,567)	(27,518)	(35,518)		(434,960)
Depreciation expense		329,444	753,886	285,736	184,979	36,144	104,627		1,694,816
Effects of foreign currency exchange differences		(11,953)	(40,218)	(12,168)	(12,166)	(1,247)	(5,662)		(83,414)
Balance at December 31, 2021		\$ 2,693,314	\$ 8,220,073	\$ 2,551,081	\$ 2,791,525	\$ 175,550	\$ 1,134,772		\$ 17,566,315
Carrying amount at December 31, 2021	\$ 1,126,898	\$ 5,534,721	\$ 3,754,058	\$ 1,705,392	\$ 1,121,583	\$ 133,686	\$ 271,945	\$ 2,063,643	\$ 15,711,926
Cost									
Balance at January 1, 2022	\$ 1,126,898	\$ 8,228,035	\$ 11,974,131	\$ 4,256,473	\$ 3,913,108	\$ 309,236	\$ 1,406,717	\$ 2,063,643	\$ 33,278,241
Additions	-	81,107	92,801	94,315	65,762	15,781	62,602	1,460,763	1,873,131
Disposals	-	(3,316)	(64,386)	(5,939)	(125,773)	(27,527)	(22,477)	(4,830)	(254,248)
Reclassification	-	231,399	766,026	275,569	233,004	3,386	68,993	(1,581,675)	(3,298)
Effects of foreign currency exchange differences	-	154,630	210,101	83,833	57,383	7,141	27,839	33,177	574,104
Balance at December 31, 2022	\$ 1,126,898	\$ 8,691,855	\$ 12,978,673	\$ 4,704,251	\$ 4,143,484	\$ 308,017	\$ 1,543,674	\$ 1,971,078	\$ 35,467,930

(Continued)

	Land	Buildings	Machinery and Equipment	Warehousing Equipment	Utilities Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
<u>Accumulated depreciation</u>									
Balance at January 1, 2022		\$ 2,693,314	\$ 8,220,073	\$ 2,551,081	\$ 2,791,525	\$ 175,550	\$ 1,134,772		\$ 17,566,315
Disposals		(5,538)	(55,534)	(5,730)	(124,617)	(23,836)	(23,415)		(238,670)
Depreciation expense		359,377	698,489	303,044	205,260	39,220	120,653		1,726,043
Effects of foreign currency exchange differences		41,409	132,561	42,675	37,923	4,561	19,319		278,448
Balance at December 31, 2022		<u>\$ 3,088,562</u>	<u>\$ 8,995,589</u>	<u>\$ 2,891,070</u>	<u>\$ 2,910,091</u>	<u>\$ 195,495</u>	<u>\$ 1,251,329</u>		<u>\$ 19,332,136</u>
Carrying amount at December 31, 2022	<u>\$ 1,126,898</u>	<u>\$ 5,603,293</u>	<u>\$ 3,983,084</u>	<u>\$ 1,813,181</u>	<u>\$ 1,233,393</u>	<u>\$ 112,522</u>	<u>\$ 292,345</u>	<u>\$ 1,971,078</u>	<u>\$ 16,135,794</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	50 years
Road construction	15-40 years
Others	3-50 years
Machinery and equipment	5-20 years
Warehousing equipment	5-15 years
Utilities equipment	5-15 years
Transportation equipment	5-8 years
Other equipment	3-20 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land	\$ 1,494,647	\$ 1,499,927
Buildings	28,135	34,237
Other equipment	<u>186</u>	<u>622</u>
	<u>\$ 1,522,968</u>	<u>\$ 1,534,786</u>
<u>For the Year Ended December 31</u>		
	<u>2022</u>	<u>2021</u>
Depreciation charge for right-of-use assets		
Land	\$ 39,917	\$ 43,082
Buildings	10,278	10,095
Other equipment	<u>1,036</u>	<u>991</u>
	<u>\$ 51,231</u>	<u>\$ 54,168</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 13,446</u>	<u>\$ 13,155</u>
Non-current	<u>\$ 17,443</u>	<u>\$ 25,556</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	3.66%	3.66%
Buildings	1.80%-3.66%	1.80%-3.66%
Other equipment	4.35%	4.35%

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 27,764</u>	<u>\$ 20,045</u>
Expenses relating to low-value asset leases	<u>\$ 912</u>	<u>\$ 872</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 547</u>	<u>\$ 221</u>
Total cash outflow for leases	<u>\$ 43,320</u>	<u>\$ 39,862</u>

The Group's leases of certain office equipment qualify as short-term leases and certain warehousing equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Other assets		
Prepayments to suppliers	\$ 1,295,341	\$ 2,015,333
Input VAT and excess business tax paid	249,795	506,331
Prepaid expense	<u>246,471</u>	<u>245,636</u>
	<u>\$ 1,791,607</u>	<u>\$ 2,767,300</u>

(Continued)

	December 31	
	2022	2021
<u>Non-current</u>		
Other assets		
Refundable deposits	\$ 51,957	\$ 42,306
Long-term prepaid expenses	354,663	320,621
Prepayment for equipment	<u>331,137</u>	<u>278,164</u>
	<u>\$ 737,757</u>	<u>\$ 641,091</u>
		(Concluded)

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Discounted bill borrowings</u>		
Banker's acceptance bill discounted loans (1)	\$ 817,496	\$ 1,919,683
<u>Unsecured borrowings</u>		
Bank credit loans (2)	<u>3,317,231</u>	<u>1,117,075</u>
	<u>\$ 4,134,727</u>	<u>\$ 3,036,758</u>
Fixed rate loans	\$ 2,877,210	\$ 3,036,758
Floating rate loans	<u>1,257,517</u>	<u>-</u>
	<u>\$ 4,134,727</u>	<u>\$ 3,036,758</u>

- 1) The range of interest rates on banker's acceptance bill discounted loans was 0.74%-2.31% and 0.45%-2.84% per annum as of December 31, 2022 and 2021, respectively.
- 2) The range of interest rates on bank credit loans was 1.50%-3.50% and 2.30%-3.65% per annum as of December 31, 2022 and 2021, respectively.
- 3) Refer to Note 31 for information relating to amount used and unused of unsecured bank facilities.

b. Long-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Revolving credit loans	\$ 6,601,042	\$ 8,786,830
Less: Current portion	<u>(60,585)</u>	<u>(300,000)</u>
	<u>\$ 6,540,457</u>	<u>\$ 8,486,830</u>

The carrying amounts of long-term borrowings of the Group were as follows:

	Maturity Day	Effective Interest Rate	December 31	
			2022	2021
Fixed interest rate loan				
Unsecured loans (NTD)	Used in revolving credit before June 2023	0.92%	\$ -	\$ 1,000,000
	Used in revolving credit before August 2024	2.00%/0.94%	310,000	770,000
	Used in revolving credit before April 2023	0.90%	-	700,000
	Used in revolving credit before October 2023	0.86%	-	630,000
	Used in revolving credit before October 2024	1.65%	300,000	-
	Used in revolving credit before October 2025	1.91%	300,000	-
	Used in revolving credit before December 2022	0.90%	-	300,000
	Used in revolving credit before June 2023	0.88%	-	760,000
	Used in revolving credit before June 2023	0.90%	-	240,000
	Used in revolving credit before June 2024	1.88%	100,000	-
	Used in revolving credit before June 2024	1.98%	40,000	-
	Used in revolving credit before December 2023	0.90%	-	500,000
	Used in revolving credit before May 2023	0.825%	-	500,000
	Used in revolving credit before May 2024	1.77%	150,000	-
	Used in revolving credit before May 2024	1.77%	350,000	-
	Used in revolving credit before November 2023	0.96%	-	300,000
	Used in revolving credit before November 2023	0.83%	-	200,000
	Used in revolving credit before January 2024	0.89%	-	600,000
	Used in revolving credit before April 2024	1.00%	-	100,000
	Used in revolving credit before April 2025	2.07%	500,000	-
	Used in revolving credit before April 2025	1.95%	50,000	-
	Used in revolving credit before September 2024	2.00%/0.90%	730,000	800,000
	Used in revolving credit before March 2023	0.99%	-	900,000
Unsecured loans (RMB)	Used in revolving credit before June 2023	3.40%/3.55%	<u>60,585</u>	<u>86,830</u>
	Total of fixed interest rate loan		<u>2,890,585</u>	<u>8,386,830</u>
Floating interest rate loan				
Unsecured loans (NTD)	Repaid once before December 2024	1.97%	500,000	-
	Repaid once before April 2024	1.80%	700,000	-
	Repaid once before June 2023	0.98%	-	400,000
	Repaid once before November 2025	1.52%	400,000	-
	Repaid once before May 2024	1.45%	1,500,000	-
	Repaid once before November 2023	1.98%	500,000	-

(Continued)

	Maturity Day	Effective Interest Rate	December 31	
			2022	2021
Unsecured loans (RMB)	Repaid once before September 2024	3.35%	\$ 110,457	\$ -
	Total of floating interest rate loan		3,710,457	400,000
Total of long-term borrowing			6,601,042	8,786,830
Less: Current portion			(60,585)	(300,000)
			<u>\$ 6,540,457</u>	<u>\$ 8,486,830</u>
				(Concluded)

18. BONDS PAYABLE

	December 31	
	2022	2021
Secured domestic bonds	\$ 9,000,000	\$ 6,000,000
Less: Discount of bonds	(9,089)	(8,867)
	8,990,911	5,991,133
Less: Current portion	(5,995,566)	-
	<u>\$ 2,995,345</u>	<u>\$ 5,991,133</u>

The major terms of the secured domestic bonds are as follows:

Issuance	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2018-1	December 2018 to December 2023	\$ 6,000,000	0.95%	Bullet repayment; interest payable annually
2022-1	July 2022 to July 2027	3,000,000	1.80%	Bullet repayment; interest payable annually

19. NOTES PAYABLE AND TRADE PAYABLES

Notes payable and trade payables of the Group were generated from operating activities. The average credit period on purchases was 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for purchases of equipment	\$ 360,929	\$ 332,927
Payables for salaries or bonuses	183,473	273,070
Interest payables	39,885	6,118
Payables for compensation of employees	-	32,000
Payables for compensation of directors	-	10,000
		(Continued)

	December 31	
	2022	2021
Payables for imported raw materials	\$ 136,427	\$ 92,399
Payables for utilities	58,995	6,403
Payables for freight	138,998	187,421
Others	<u>428,742</u>	<u>553,317</u>
	<u>\$ 1,347,449</u>	<u>\$ 1,493,655</u>
Other liabilities		
Contract liabilities	\$ 606,883	\$ 915,110
Others	<u>46,391</u>	<u>34,951</u>
	<u>\$ 653,274</u>	<u>\$ 950,061</u>

(Concluded)

21. PROVISIONS

	December 31	
	2022	2021
<u>Current</u>		
Safety provision (a)	<u>\$ 113,123</u>	<u>\$ 68,039</u>
<u>Non-current</u>		
Employee benefits (b)	<u>\$ 12,349</u>	<u>\$ 10,363</u>

- a. The safety provision is based on the regulations of mainland China. When a company produces, stores, or transports hazardous chemicals, a specific ratio of safety provision should be recognized. Safety provision can be written off on actual expenses. As the safety provision balance reaches the specified rate, the Group may apply to competent authority for lower provision ratio.
- b. The provision for employee benefits is based on the Group's employee pension. The present value of the long-term employee benefit were carried out by qualified actuaries.

22. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China and Malaysia are members of the state-managed retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Accordingly, the Group recognized pension expenses of \$99,388 thousand and \$80,160 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 535,373	\$ 565,598
Fair value of plan assets	<u>(299,483)</u>	<u>(313,118)</u>
Net defined benefit liabilities	<u>\$ 235,890</u>	<u>\$ 252,480</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 560,069</u>	<u>\$ (333,274)</u>	<u>\$ 226,795</u>
Current service cost	4,191	-	4,191
Net interest expense (income)	<u>2,100</u>	<u>(1,255)</u>	<u>845</u>
Recognized in profit or loss	<u>6,291</u>	<u>(1,255)</u>	<u>5,036</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,022)	(5,022)
Actuarial loss - changes in demographic assumptions	12,876	-	12,876
Actuarial gain - changes in financial assumptions	(4,408)	-	(4,408)
Actuarial loss - experience adjustment	<u>21,156</u>	<u>-</u>	<u>21,156</u>
Recognized in other comprehensive income	<u>29,624</u>	<u>(5,022)</u>	<u>24,602</u>
Contributions from the employer	-	(2,801)	(2,801)
Benefits paid	<u>(30,386)</u>	<u>29,234</u>	<u>(1,152)</u>
Balance at December 31, 2021	<u>\$ 565,598</u>	<u>\$ (313,118)</u>	<u>\$ 252,480</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 565,598</u>	<u>\$ (313,118)</u>	<u>\$ 252,480</u>
Current service cost	3,612	-	3,612
Net interest expense (income)	<u>2,828</u>	<u>(1,573)</u>	<u>1,255</u>
Recognized in profit or loss	<u>6,440</u>	<u>(1,573)</u>	<u>4,867</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,326)	(26,326)
Actuarial gain - changes in financial assumptions	(4,539)	-	(4,539)
Actuarial loss - experience adjustment	<u>12,137</u>	<u>-</u>	<u>12,137</u>
Recognized in other comprehensive income	<u>7,598</u>	<u>(26,326)</u>	<u>(18,728)</u>
Contributions from the employer		(2,729)	(2,729)
Benefits paid	<u>(44,263)</u>	<u>44,263</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 535,373</u>	<u>\$ (299,483)</u>	<u>\$ 235,890</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate 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 plans' debt investments.
- 3) 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.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.125%	0.500%
Expected rate of salary increase	3.000%	2.500%

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (7,863)</u>	<u>\$ (8,837)</u>
0.25% decrease	<u>\$ 8,066</u>	<u>\$ 9,074</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 7,789</u>	<u>\$ 8,749</u>
0.25% decrease	<u>\$ (7,634)</u>	<u>\$ (8,567)</u>

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	<u>\$ 2,697</u>	<u>\$ 2,803</u>
Average duration of the defined benefit obligation	6.3 years	6.8 years

23. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,354,763</u>	<u>1,347,121</u>
Shares issued	<u>\$ 13,547,626</u>	<u>\$ 13,471,206</u>
Capital collected in advance	<u>\$ 4,288</u>	<u>\$ 6,559</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

A total of 100,000 thousand shares of the Company's authorized shares was reserved for the issuance of employee share options; the remaining unissued shares will be issued by the board of directors in future installments as needed, and some of them will be designated as preference shares.

The change in the Company's share capital was mainly due to the exercise of employee share options. The capital collected in advance was the advance share payment received by employees for executing share options.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 783,836	\$ 793,949
Donations	21,898	21,898
Employee share options exercised and expired	327,162	310,742
Treasury share transactions	219,189	219,189
<u>May only be used to offset a deficit</u>		
Unclaimed dividends	881	585
<u>May not be used for any purpose</u>		
Employee share options	<u>34,989</u>	<u>42,068</u>
	<u>\$ 1,387,955</u>	<u>\$ 1,388,431</u>

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

c. Retained earnings and dividends policy

Under the dividends policy, where the Company made a 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 or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The issuance of share dividends shall be distributed after such proposal of profit distribution is resolved by the shareholders in the shareholders' meeting. The board of directors is authorized to adopt a special resolution to distribute dividends in cash, and such distribution shall be reported and submitted in the shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 25(g).

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

The appropriations of earnings for 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 257,369	\$ 242,128
Cash dividends	\$ 1,311,831	\$ 1,292,348
Cash dividends per share (NT\$)	\$ 1.00	\$ 1.00

The above appropriations for cash dividends were resolved by the Company's board of directors on March 8, 2022 and March 18, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 26, 2022 and July 21, 2021.

The appropriation of earnings for 2022 was resolved by the Company's board of directors on March 6, 2023. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ -
Cash dividends	<u>\$ 263,583</u>
Cash dividends per share (NT\$)	<u>\$ 0.2</u>

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 24, 2023.

d. Special reserve

On the first-time adoption of IFRS, the Group appropriated to special reserve the amount that was the same as the unrealized revaluation increment transferred to retained earnings, which was \$341,773 thousand.

The special reserve may be reversed on the disposal or reclassification of the related assets.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (1,153,241)	\$ (896,268)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	763,468	(260,103)
Related income tax	<u>(11,840)</u>	<u>3,130</u>
Balance at December 31	<u>\$ (401,613)</u>	<u>\$ (1,153,241)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 8,785,437	\$ 5,064,268
Recognized for the year		
Unrealized gain - equity instruments	(2,085,072)	4,167,086
Share from associates accounted for using the equity method	2,312	(9)
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	<u>(78,641)</u>	<u>(445,908)</u>
Balance at December 31	<u>\$ 6,624,036</u>	<u>\$ 8,785,437</u>

f. Treasury shares

	Purpose of Buy-back Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	40,000
Decrease during the year	<u>(1,335)</u>
Number of shares at December 31, 2021	<u>38,665</u>
Number of shares at January 1, 2022	38,665
Increase during the year	<u>-</u>
Number of shares at December 31, 2022	<u>38,665</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

24. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from sales	\$ 72,526,564	\$ 81,787,061
Revenue from logistics and warehousing services	<u>293,079</u>	<u>155,367</u>
	<u>\$ 72,819,643</u>	<u>\$ 81,942,428</u>

25. NET (LOSS) PROFIT

Information about net (loss) profit is as follows:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	<u>\$ 29,402</u>	<u>\$ 26,722</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Operating lease rental income	\$ 84,583	\$ 86,509
Commission income	7	85
Dividends	569,529	378,426
Government grant income (Note 29)	150,529	71,125
Indemnity income (Note 35)	266,785	80,306
Others	<u>82,648</u>	<u>54,682</u>
	<u>\$ 1,154,081</u>	<u>\$ 671,133</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 162	\$ 50
Net foreign exchange (losses) gains	(148,127)	22,802
Gain on disposal of right-of-use asset	-	125,554
Loss on disposal of property, plant and equipment	(5,873)	(17,708)
Bank charges (including bonds)	(52,016)	(48,260)
Others	<u>(39,583)</u>	<u>(225,630)</u>
	<u>\$ (245,437)</u>	<u>\$ (143,192)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans (including bonds)	\$ 286,887	\$ 232,653
Interest on lease liabilities	<u>888</u>	<u>1,041</u>
	<u>\$ 287,775</u>	<u>\$ 233,694</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 1,726,043	\$ 1,694,816
Right-of-use assets	51,231	54,168
Computer software	9,275	8,272
Long-term prepaid expenses	<u>211,320</u>	<u>197,739</u>
	<u>\$ 1,997,869</u>	<u>\$ 1,954,995</u>
An analysis of depreciation by function		
Operating costs	\$ 1,494,338	\$ 1,465,633
Operating expenses	261,253	266,213
Other losses	<u>21,683</u>	<u>17,138</u>
	<u>\$ 1,777,274</u>	<u>\$ 1,748,984</u>
An analysis of amortization by function		
Operating costs	\$ 210,350	\$ 196,806
Operating expenses	<u>10,245</u>	<u>9,205</u>
	<u>\$ 220,595</u>	<u>\$ 206,011</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 1,243,443	\$ 1,288,913
Post-employment benefits (Note 22)		
Defined contribution plans	99,388	80,160
Defined benefit plans	<u>4,867</u>	<u>5,036</u>
Total post-employment benefits	<u>104,255</u>	<u>85,196</u>
Share-based payments		
Equity-settled	9,342	45,445
Other employee benefits	<u>106,316</u>	<u>106,819</u>
Total employee benefits expense	<u>\$ 1,463,356</u>	<u>\$ 1,526,373</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 986,737	\$ 1,014,560
Operating expenses	<u>476,619</u>	<u>511,813</u>
	<u>\$ 1,463,356</u>	<u>\$ 1,526,373</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit less accumulated deficit. As it was net loss for the year ended December 31, 2022, the Company did not estimate the employees' compensation and the remuneration of directors for the year.

The compensation of employees and the remuneration of directors for the years ended December 31, 2021, which were approved by the Company's board of directors on March 8, 2022 is as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	1.44%
Remuneration of directors	0.45%

Amount

	For the Year Ended December 31, 2021
	Cash
Compensation of employees	<u>\$ 32,000</u>
Remuneration of directors	<u>\$ 10,000</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 455,424	\$ 419,463
Foreign exchange losses	<u>(603,551)</u>	<u>(396,661)</u>
	<u>\$ (148,127)</u>	<u>\$ 22,802</u>

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 99,107	\$ 651,987
Income tax on unappropriated earnings	-	32,000
Adjustments for prior year	<u>22,340</u>	<u>18,140</u>
	<u>121,447</u>	<u>702,127</u>
Deferred tax		
In respect of the current year	<u>(607,445)</u>	<u>(80,719)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (485,998)</u>	<u>\$ 621,408</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
(Loss) profit before tax from continuing operations	<u>\$ (1,722,222)</u>	<u>\$ 2,768,870</u>
Income tax (benefit) expense calculated at the statutory rate (25%)	\$ (430,556)	\$ 692,218
Permanent differences	108,174	298,448
Tax-exempt income	(144,873)	(416,858)
Additional income tax under the Alternative Minimum Tax Act	-	22,404
Tax on unappropriated earnings	-	32,000
Effect of different tax rates of group entities operating in other jurisdictions	(41,083)	(24,944)
Adjustments for prior years' tax	<u>22,340</u>	<u>18,140</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (485,998)</u>	<u>\$ 621,408</u>

The corporate tax rate applicable to subsidiaries in China is 25%. Tax rates applicable to the Group's entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred income tax expenses (benefit)		
In respect of the current year		
Translation of foreign operations	\$ 11,840	\$ (3,130)
Remeasurement of defined benefit plans	<u>3,750</u>	<u>(4,920)</u>
	<u>15,590</u>	<u>(8,050)</u>
Total income tax recognized in other comprehensive income	<u>\$ 15,590</u>	<u>\$ (8,050)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	\$ 182,876	\$ 142,571
Current tax liabilities		
Income tax payable	\$ 78,633	\$ 105,721

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for write - down of inventories	\$ 170,416	\$ (98,498)	\$ -	\$ 3,200	\$ 75,118
Exchange differences on translating the financial statements of foreign operations	34,660	-	(11,840)	-	22,820
Defined benefit obligations	50,490	4,180	(3,750)	-	50,920
Allowance for impairment loss	7,910	(961)	-	134	7,083
Others	<u>28,462</u>	<u>(917)</u>	<u>-</u>	<u>247</u>	<u>27,792</u>
	291,938	(96,196)	(15,590)	3,581	183,733
Loss carryforwards	<u>527,118</u>	<u>703,631</u>	<u>-</u>	<u>4,231</u>	<u>1,234,980</u>
	<u>\$ 819,056</u>	<u>\$ 607,435</u>	<u>\$ (15,590)</u>	<u>\$ 7,812</u>	<u>\$ 1,418,713</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income abroad	\$ 117,480	\$ (10)	\$ -	\$ -	\$ 117,470
Land revaluation incremental tax	99,828	-	-	-	99,828
Others	<u>58,911</u>	<u>-</u>	<u>-</u>	<u>6,449</u>	<u>65,360</u>
	<u>\$ 276,219</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 6,449</u>	<u>\$ 282,658</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for write - down of inventories	\$ 20,977	\$ 149,547	\$ -	\$ (108)	\$ 170,416
Exchange differences on translating the financial statements of foreign operations	31,530	-	3,130	-	34,660
Defined benefit obligations	45,350	220	4,920	-	50,490
Allowance for impairment loss	7,894	59	-	(43)	7,910
Others	<u>13,866</u>	<u>14,651</u>	<u>-</u>	<u>(55)</u>	<u>28,462</u>
	119,617	164,477	8,050	(206)	291,938
Loss carryforwards	<u>554,236</u>	<u>(24,160)</u>	<u>-</u>	<u>(2,958)</u>	<u>527,118</u>
	<u>\$ 673,853</u>	<u>\$ 140,317</u>	<u>\$ 8,050</u>	<u>\$ (3,164)</u>	<u>\$ 819,056</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income abroad	\$ 117,490	\$ (10)	\$ -	\$ -	\$ 117,480
Land revaluation incremental tax	99,828	-	-	-	99,828
Others	<u>3</u>	<u>59,608</u>	<u>-</u>	<u>(700)</u>	<u>58,911</u>
	<u>\$ 217,321</u>	<u>\$ 59,598</u>	<u>\$ -</u>	<u>\$ (700)</u>	<u>\$ 276,219</u>

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
\$ 587,050	2023
949,572	2024
377,675	2025
204,676	2026
<u>2,820,947</u>	2027
<u>\$ 4,939,920</u>	

f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,140,000 thousand and \$2,480,000 thousand, respectively.

g. Domestic income tax assessments

	Assessment Year
The Company	2020
TUI	2020
WCI	2020
UVC	2020

27. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic (loss) earnings per share	\$ (0.94)	\$ 1.66
Diluted earnings per share		\$ 1.62

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share are as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2022	2021
(Loss) earnings used in the computation of basic and diluted earnings per share	\$ (1,236,224)	\$ 2,147,462

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	<u>1,313,101</u>	1,297,478
Effect of potentially dilutive ordinary shares		
Employee share options		24,829
Compensation of employees		<u>1,858</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share		<u>1,324,165</u>

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be 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 by the Company's board of directors in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Group - employee share options

Qualified employees of the Company and its subsidiaries were granted 40,000 options on August 15, 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at 50%, 75% or 100%, respectively, after the second, third or fourth year from the grant date.

Information on employee share options is as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	24,396	\$8.9	40,000	\$9.4
Options exercised	(7,409)	8.6	(15,510)	8.9
Options expired	<u>(462)</u>	8.5	<u>(94)</u>	8.9
Balance at December 31	<u>16,525</u>	8.5	<u>24,396</u>	8.9
Options exercisable, end of the year	<u>7,034</u>	8.5	<u>4,443</u>	8.9

Options granted in August 2019 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2019
Grant-date share price	\$9.90
Exercise price (Note)	\$9.90
Expected volatility	26.01%; 25.67%; 25.03%
Expected life	4; 4.5; 5 years
Expected dividend yield	-
Risk-free interest rate	0.52%; 0.53%; 0.54%

The fair value of employee share options, which were granted on August 15, 2019, was calculated based on their vesting period that starts from the second, third and fourth year from the grant date. Compensation costs recognized were \$9,342 thousand and \$26,141 thousand for the years ended December 31, 2022 and 2021, respectively.

Note: The exercise price will be adjusted according to the aforementioned employee share option plan.

b. Employee share option plan of the Group - transferred treasury shares

Employees of the Company were transferred 1,335 thousand shares on September 8, 2021 according to the treasury share transfer regulation of the Company by \$9.34. The total compensation cost recognized was \$19,304 thousand.

29. GOVERNMENT GRANTS

- a. In 2022 and 2021, the Group received government grants of \$137,553 thousand and \$58,422 thousand in mainland China, respectively. The grants were immediate financial supports based on investment agreements.
- b. In 2017, the Group received an air pollution prevention grant of RMB2,972 thousand from mainland China government. The government grant was initially recognized as long-term deferred income, then transferred to other income based on the depreciation of the relevant assets.

In 2022 and 2021, the long-term deferred income of \$1,268 thousand and \$1,241 thousand was transferred to other income, respectively.

As of December 31, 2022 and 2021, the balances of the deferred income were \$5,203 thousand and \$6,363 thousand, respectively.

- c. In 2017, 2016 and 2014, the Group received government grants of RMB20,000 thousand, RMB3,250 thousand and RMB26,400 thousand in mainland China, respectively. The grants were special subsidy of Panjin City, Liaoning Province of mainland China, and development of strategic emerging industries of Sichuan Province. The government grants were initially recognized as long-term deferred income. After the construction of related assets is completed, the government grants transferred to other income based on the depreciation of the assets.

In 2022 and 2021, the long-term deferred income of \$11,708 thousand and \$11,462 thousand, respectively, was transferred to other income.

As of December 31, 2022 and 2021, the balances of the deferred income were \$155,874 thousand and \$164,933 thousand, respectively.

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. It was estimated that the Group's overall strategy remains unchanged in the short term.

The capital structure of the Group consists of net liability (total liability offset by cash and cash equivalents and financial assets at amortized cost) and net asset (total asset offset by cash and cash equivalents and financial assets at amortized cost).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends policy and the amount of new debt issued or existing debt redeemed.

The Group has a target net liability ratio of 50% determined as the proportion of net debt to assets.

Net Liability Ratio

The net liability ratio at end of the reporting period was as follows:

	December 31	
	2022	2021
Liabilities	\$ 24,456,220	\$ 23,875,107
Cash and cash equivalents (Note)	<u>(4,278,542)</u>	<u>(4,377,252)</u>
Net liabilities	<u>\$ 20,177,678</u>	<u>\$ 19,497,855</u>
Assets	\$ 50,562,422	\$ 53,771,844
Cash and cash equivalents (Note)	<u>(4,278,542)</u>	<u>(4,377,252)</u>
Net assets	<u>\$ 46,283,880</u>	<u>\$ 49,394,592</u>
Net liability to net asset ratio	<u>44%</u>	<u>39%</u>

Note: Cash and cash equivalents include financial assets at amortized cost.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds payable	\$ 8,990,911	\$ -	\$ 9,012,414	\$ -	\$ 9,012,414

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds payable	\$ 5,991,133	\$ -	\$ 6,025,200	\$ -	\$ 6,025,200

Apart from the mentioned above, the management considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximated their fair values or were unmeasurable.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 42,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,227</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 11,075,657	\$ -	\$ -	\$ 11,075,657
Domestic unlisted shares	-	-	671,501	671,501
Foreign unlisted shares	-	-	6	6
	<u>\$ 11,075,657</u>	<u>\$ -</u>	<u>\$ 671,507</u>	<u>\$ 11,747,164</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 25,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,665</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 13,154,544	\$ -	\$ -	\$ 13,154,544
Foreign listed shares	49,135	-	-	49,135
Domestic unlisted shares	-	-	699,460	699,460
Foreign unlisted shares	-	-	8	8
	<u>\$ 13,203,679</u>	<u>\$ -</u>	<u>\$ 699,468</u>	<u>\$ 13,903,147</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 699,468
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(41,808)
Purchases	27,374
Proceed from return of investment	<u>(13,527)</u>
Balance at December 31, 2022	<u>\$ 671,507</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 618,588
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	76,603
Purchases	27,375
Proceed from return of investment	(23,044)
Sales/settlements	<u>(54)</u>
Balance at December 31, 2021	<u>\$ 699,468</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Financial liabilities - domestic corporate bonds payable	The fair value is calculated using a volume-weighted average price on the TPEx at the end of the reporting period.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the asset approach. The approach is mainly utilized to evaluate venture capital firms. In this approach, the net asset value is taken into account. The market approach is used for determining the fair values of other securities, in which the fair value of the target securities is determined based on the market transaction price and market conditions of the listed equity securities of other similar companies.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL	\$ 42,227	\$ 25,665
Financial assets at amortized cost (1)	8,110,805	9,605,046
Equity instruments at FVTOCI	11,747,164	13,903,147

Financial liabilities

Financial liabilities at amortized cost (2)	22,888,327	21,497,989
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- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise notes payable, short-term borrowings, trade payable, current portion of long-term borrowings, other payables, bonds issued, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, receivables, payables, and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Approximately 15% of the Group's sales is denominated in currencies other than the functional currency, whilst almost 30% of costs is denominated in currencies other than the functional currencies of the Group's entities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 38.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 3% increase and decrease in the New Taiwan dollar, RMB and MYR against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the year for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar and RMB strengthening 3% against the USD. For a 3% weakening of the New Taiwan dollar and RMB against the USD, there would be an equal and opposite impact on pre-tax (loss) profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 34,834	\$ 50,710

This was mainly attributable to the exposure on outstanding receivables, payables and borrowings denominated in USD.

The Group's sensitivity to foreign currency decreased for the year ended December 31, 2022 mainly due to the decrease in the amount of payables in USD, leading to the decrease in the amount of net foreign currency liabilities.

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 39,377	\$ 38,513
Financial liabilities	14,789,595	17,453,432
Cash flow interest rate risk		
Financial liabilities	4,967,974	400,000

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and bonds payable. The Group aims to keep borrowings at floating rates to minimize fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. It is the Group's policy to keep its borrowings at floating interest rates so as to minimize the fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$24,840 thousand and \$2,000 thousand, respectively.

The Group's sensitivity to interest rates increased for the year ended December 31, 2022 mainly due to the increase in the amount of variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in fund beneficiary certifications and equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments. The Group's equity price risk is mainly concentrated on strategic investments of domestic equity instruments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, post-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$587,358 thousand and \$695,157 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices decreased because the Group held less equity securities in the current period.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopts a policy of only dealing with creditworthy counterparties. Before accepting any new clients, the relevant departments perform credit evaluation and internal credit scoring, sales and administration departments assess the potential customers' credit quality and define credit limit for customers. Limits and scoring attributed to customers are reviewed twice a year.

Besides, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are recognized on irrecoverable amounts.

The Group transacts with a large number of customers. The Group did not have significant credit risk exposure from any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the years ended December 31, 2022 and 2021.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for 62% and 60% of total trade receivables as of December 31, 2022 and 2021, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time and regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

	0-3 Months	3 Months to 1 Year	1-5 Years	Over 5 years
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 2,955,470	\$ 192,394	\$ -	\$ -
Lease liabilities	3,584	11,476	14,108	3,729
Variable interest rate liabilities	1,257,517	500,000	3,210,457	-
Fixed interest rate liabilities	<u>1,563,223</u>	<u>7,374,572</u>	<u>5,830,000</u>	<u>-</u>
	<u>\$ 5,779,794</u>	<u>\$ 8,078,442</u>	<u>\$ 9,054,565</u>	<u>\$ 3,729</u>
<u>December 31, 2021</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 3,587,060	\$ 587,030	\$ -	\$ -
Lease liabilities	3,614	10,417	21,692	6,019
Variable interest rate liabilities	-	-	400,000	-
Fixed interest rate liabilities	<u>2,099,016</u>	<u>1,237,742</u>	<u>14,086,830</u>	<u>-</u>
	<u>\$ 5,689,690</u>	<u>\$ 1,835,189</u>	<u>\$ 14,508,522</u>	<u>\$ 6,019</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities		
Amount used	\$ 10,735,769	\$ 9,903,905
Amount unused	<u>31,354,358</u>	<u>26,211,578</u>
	<u>\$ 42,090,127</u>	<u>\$ 36,115,483</u>

e. Transfers of financial assets

During the years ended December 31, 2022 and 2021, the Group entered into discount loan transaction by using some of its banker's acceptance bills in mainland China. According to the loan contract, if these banker's acceptance bills are not recoverable at maturity, transferees have the right to demand the Group to pay the unsettled balance. Since the Group has not transferred the significant risks and rights relating to these banker's acceptance bills, the Group continues to recognize the full carrying amounts of these banker's acceptance bills.

As of December 31, 2022 and 2021, the carrying amounts of these banker's acceptance bills that have been transferred but not derecognized were \$817,496 thousand and \$1,919,683 thousand, respectively. (Including eliminated on consolidation inter-subsiary acceptance bills of 576,724 thousand and 1,231,142 thousand, respectively.) The carrying amounts of the related liabilities were \$817,496 thousand and \$1,919,683 thousand, respectively.

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Lien Hwa Industrial Holdings Corp. (LHIHC)	With the same chairman
Lien Hwa Property Development Corp. (LHPDC)	Subsidiary of LHIHC
Linde Lienhwa Industrial GASES Co., Ltd. (LLIG)	Associate of LHIHC
Lien Hwa Industrial GASES (Soochow) Co., Ltd. (LLIG Soochow)	Associate of LLIG
Asia Union Electronic Chemical Corp. (AUECC)	Associate of LLIG
Harbinger Venture Management Co., Ltd. (HVMC)	With the same chairman
Lienhwa United LPG Co., Ltd. (LPG)	The Company is its director.

b. Purchases of goods

	For the Year Ended December 31	
Related Party Category	2022	2021
Associates of investors with significant influence over the Group	<u>\$ 31,400</u>	<u>\$ 29,000</u>

c. Lease arrangements - the Group is lessee

Line Item	Related Party Category/Name	December 31	
		2022	2021
Lease liabilities	Associates of investors with significant influence over the Group	\$ 202	\$ 663
	LHPDC	<u>12,139</u>	<u>20,020</u>
		<u>\$ 12,341</u>	<u>\$ 20,683</u>

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
<u>Interest expense</u>		
Associates of investors with significant influence over the Group	\$ 20	\$ 39
LHPDC	<u>320</u>	<u>417</u>
	<u>\$ 340</u>	<u>\$ 456</u>

d. Lease arrangements - the Group is lessor

Future lease payments receivable are as follows:

Related Party Category/Name	December 31	
	2022	2021
Associates of investors with significant influence over the Group		
AUECC	\$ 34,702	\$ 58,385
LPG	<u>3,969</u>	<u>3,473</u>
	<u>\$ 38,671</u>	<u>\$ 61,858</u>

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Associates of investors with significant influence over the Group		
AUECC	\$ 18,641	\$ 18,681
LPG	<u>5,530</u>	<u>5,530</u>
	<u>\$ 24,171</u>	<u>\$ 24,211</u>

e. Service revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Other income	Associates of investors with significant influence over the Group	\$ 49	\$ 70
	Subsidiaries of investors with significant influence over the Group		
	LHPDC	<u>546</u>	<u>516</u>
		<u>\$ 595</u>	<u>\$ 586</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

f. Other receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other receivables - related parties	Associates of investors with significant influence over the Group		
	LPG	\$ 1,547	\$ 1,427
	AUECC	-	1,848
	LLIG	540	535
	Subsidiaries of investors with significant influence over the Group		
	LHPDC	<u>75</u>	<u>46</u>
		<u>\$ 2,162</u>	<u>\$ 3,856</u>

g. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other non-current assets	Subsidiaries of investors with significant influence over the Group		
	LHPDC	<u>\$ 1,571</u>	<u>\$ 1,692</u>

h. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Associates of investors with significant influence over the Group	<u>\$ 4,841</u>	<u>\$ 1,971</u>

i. Guarantee deposits received

Line Item	Related Party Category/Name	December 31	
		2022	2021
Guarantee deposits received	Associate of investors with significant influence over the Group AUECC	<u>\$ 3,685</u>	<u>\$ 3,315</u>

j. Remuneration of key management personnel

The remuneration of directors and key executives was as follows:

	December 31	
	2022	2021
Short-term employee benefits	\$ 32,648	\$ 42,872
Post-employment benefits	460	463
Share-based payments	<u>1,498</u>	<u>3,808</u>
	<u>\$ 34,606</u>	<u>\$ 47,143</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following asset were provided as performance bond for bank:

	December 31	
	2022	2021
Restricted deposit (recorded as financial assets at amortized cost)	<u>\$ 33,907</u>	<u>\$ 33,049</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials, machinery and equipment amounted to approximately \$515,075 thousand and \$751,984 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of raw materials and supplies	<u>\$ 1,988,242</u>	<u>\$ 1,928,537</u>
Acquisition of property, plant and equipment	<u>\$ 863,853</u>	<u>\$ 1,198,340</u>

- c. As of December 31, 2022, the Company provided financial guarantee for subsidiaries investees to purchase raw materials or to obtain bank loan facilities. The amount of financial guarantee was as follows:
- 1) Taizhou Union Plastics - US\$20,000 thousand.
 - 2) Nanchong Unicizer Industrial - RMB638,000 thousand.
 - 3) UPC Chemicals (Malaysia) - US\$50,000 thousand.
 - 4) Panjin Union Materials - RMB258,000 thousand.
 - 5) Panjin Union Chemical - RMB800,000 thousand.
 - 6) Union Hong Kong - US\$15,000 thousand and EUR7,281 thousand.

35. SIGNIFICANT LOSSES FROM DISASTERS

On January 29, 2021, a fire damaged the Group's production line of specialty plasticizers (specialty chemicals) in the Linyuan Plant. The accident caused property losses and caused disruption of the Group's operation in 2021. The insurance company paid the replacement cost for the total loss of the assets. After deducting the policy deductible, the final approved claim amount was \$346,785 thousand. The Group received an insurance claim prepayment amount of \$80,000 thousand in June 2021 (accounted for as other income in 2021), and the remaining claim settlement amount of \$266,785 thousand was recognized as indemnity income.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to save management costs and enhance the competitiveness of the Group, the board of directors resolved on March 6, 2023 to adjusted the holding structure as follows:

- a. The Group's intends to merge Granfaith and Faithouse, the 100% indirectly owned BVI subsidiaries. Granfaith will be the surviving company while Faithouse will be dissolved in the merger.
- b. The Group's originally held 100% of Nanchong Unicizers and Sichung Logistics indirectly through the above-mentioned subsidiaries. After the above-mentioned merger is completed, it will continue to process the merger of Nanchong Unicizers and Sichung Logistics. After the merger, Nanchong Unicizers will be the surviving company while Sichung Logistics will be dissolved in the merger.

37. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, the global economy and financial industry are still facing significant uncertainties. As of the date the consolidated financial statements were authorized for issue, the Group assessed that the pandemic did not have a material impact on its ability to continue as a going concern, nor did it have an impact on the impairment of assets or increase the risks arising from financing activities. The Group is continuously observing and assessing the impact of the pandemic on the aforementioned aspects.

38. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,740	30.710 (USD:NTD)	\$ 114,855
USD	7,263	6.965 (USD:RMB)	223,047
MYR	17,233	4.390 (USD:MYR)	<u>120,552</u>
			<u>\$ 458,454</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	748	30.710 (USD:NTD)	<u>\$ 22,979</u>

Financial liabilities

Monetary items			
USD	9,338	30.710 (USD:NTD)	\$ 286,770
USD	37,806	6.965 (USD:RMB)	1,161,022
MYR	24,557	4.390 (USD:MYR)	<u>171,787</u>
			<u>\$ 1,619,579</u>

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,692	27.680 (USD:NTD)	\$ 462,035
USD	18,121	6.376 (USD:RMB)	501,589
MYR	11,594	4.176 (USD:MYR)	<u>76,849</u>
			<u>\$ 1,040,473</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	666	27.680 (USD:NTD)	<u>\$ 18,441</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 23,999	27.680 (USD:NTD)	\$ 664,292
USD	71,881	6.376 (USD:RMB)	1,989,666
MYR	30,963	4.176 (USD:MYR)	<u>205,234</u>
			<u>\$ 2,859,192</u> (Concluded)

For the years ended December 31, 2022 and 2021, net foreign exchange (losses) gains were \$(148,127) thousand and \$22,802 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 7)
- 11) Information on investees (Table 8)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 10)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 10)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Note 34 and Table 2)
 - e) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds (None)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

40. SEGMENT INFORMATION

a. General information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the regions where the Group operates; thus, the reportable segments are as follows:

- Eastern China - Zhenjiang Union Chemical, Taizhou Union Chemical, Taizhou Union Plastics, Taizhou Union Logistics, Jiangsu Union Logistics, ZhenJiang Union Torch Estate.
- Southern China - Zhongshan Unicizers, Zhuhai Unicizers and Guangdong Union Logistics.
- Northern China - Panjin Union Chemical, Panjin Union Logistics, Panjin Union Materials and Panjin Union Plastics.
- Central China - Nanchong Unicizers and Sichung Logistics.

- Taiwan - The Company, Wei Chen Investment Co., Union Venture Capital Corp. and Taiwan Union International Investment Corporation.
- Other regions - Union Hong Kong Petrochemicals, Glory Ace, UPC Chemicals (Malaysia) Sdn. Bhd., UPCM Trading (Thailand), UPCM Trading (Vietnam) and other overseas Investment Companies.

b. Information of reportable segments

For the Year Ended December 31, 2022								
	Eastern China	Southern China	Northern China	Central China	Taiwan	Other Regions	Adjustment and Elimination	Total
Revenue from external customers	\$ 33,713,711	\$ 16,663,108	\$ 9,661,694	\$ 3,166,409	\$ 4,171,186	\$ 5,443,535	\$ -	\$ 72,819,643
Inter-segment revenue	<u>2,306,532</u>	<u>2,466,327</u>	<u>3,738,482</u>	<u>486,632</u>	<u>1,332,482</u>	<u>12,539,517</u>	<u>(22,869,972)</u>	<u>-</u>
Segment revenue	<u>\$ 36,020,243</u>	<u>\$ 19,129,435</u>	<u>\$ 13,400,176</u>	<u>\$ 3,653,041</u>	<u>\$ 5,503,668</u>	<u>\$ 17,983,052</u>	<u>\$ (22,869,972)</u>	<u>\$ 72,819,643</u>
Interest revenue	\$ 99,895	\$ 8,858	\$ 10,510	\$ 3,055	\$ 2,202	\$ 5,093	\$ (100,211)	\$ 29,402
Finance costs	39,558	48,234	94,201	32,535	171,532	1,926	(100,211)	287,775
Significant gains or losses								
Depreciation expense	623,334	238,140	437,244	193,621	148,672	136,263	-	1,777,274
Amortization expense	63,959	63,005	51,233	13,761	27,612	1,025	-	220,595
Segment income (loss)	(267,873)	(577,121)	(610,911)	(220,974)	468,541	(27,886)	-	(1,236,224)
December 31, 2022								
	Eastern China	Southern China	Northern China	Central China	Taiwan	Other Regions	Adjustment and Elimination	Total
Asset of segment	\$ 17,553,456	\$ 6,429,363	\$ 10,300,373	\$ 2,825,026	\$ 44,731,023	\$ 6,828,526	\$ (38,105,345)	\$ 50,562,422
Liability of segment	3,828,632	3,061,209	6,326,648	1,931,526	16,551,105	2,640,667	(9,883,567)	24,456,220
For the Year Ended December 31, 2021								
	Eastern China	Southern China	Northern China	Central China	Taiwan	Other Regions	Adjustment and Elimination	Total
Revenue from external customers	\$ 41,408,865	\$ 19,631,757	\$ 7,603,675	\$ 4,069,742	\$ 4,338,662	\$ 4,889,727	\$ -	\$ 81,942,428
Inter-segment revenue	<u>3,111,660</u>	<u>3,033,504</u>	<u>5,418,416</u>	<u>1,487,138</u>	<u>1,347,794</u>	<u>13,463,029</u>	<u>(27,861,541)</u>	<u>-</u>
Segment revenue	<u>\$ 44,520,525</u>	<u>\$ 22,665,261</u>	<u>\$ 13,022,091</u>	<u>\$ 5,556,880</u>	<u>\$ 5,686,456</u>	<u>\$ 18,352,756</u>	<u>\$ (27,861,541)</u>	<u>\$ 81,942,428</u>
Interest revenue	\$ 74,033	\$ 8,712	\$ 5,752	\$ 2,973	\$ 58	\$ 842	\$ (65,648)	\$ 26,722
Finance costs	31,800	38,373	67,046	35,101	126,285	737	(65,648)	233,694
Significant gains or losses								
Depreciation expense	696,226	214,768	400,328	191,014	121,787	124,861	-	1,748,984
Amortization expense	46,450	47,177	69,544	-	28,596	14,244	-	206,011
Segment income (loss)	859,733	605,461	158,549	(204,357)	102,788	625,288	-	2,147,462
December 31, 2021								
	Eastern China	Southern China	Northern China	Central China	Taiwan	Other Regions	Adjustment and Elimination	Total
Asset of segment	\$ 19,992,723	\$ 6,268,273	\$ 9,813,845	\$ 3,598,355	\$ 48,731,883	\$ 6,341,778	\$ (40,975,013)	\$ 53,771,844
Liability of segment	6,217,003	2,386,804	5,902,026	2,502,284	16,162,938	2,481,357	(11,777,305)	23,875,107

c. Revenue from major products and services

The Group's sale of petroleum products accounts for at least 90% of the Group's revenue.

d. Geographical information

The Group mainly operates in mainland China, revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
China	\$ 63,204,922	\$ 72,714,039	\$ 13,748,332	\$ 13,354,193
Taiwan	4,171,186	4,338,662	2,154,412	2,086,276
Others	<u>5,443,535</u>	<u>4,889,727</u>	<u>2,502,323</u>	<u>2,458,131</u>
	<u>\$ 72,819,643</u>	<u>\$ 81,942,428</u>	<u>\$ 18,405,067</u>	<u>\$ 17,898,600</u>

Non-current assets include property, plant and equipment, computer software, right-of-use assets and other non-current assets.

e. Information about major customers

No revenue from any individual customer exceeded 10% of the Group's total revenues for the years ended December 31, 2022 and 2021.

TABLE 1

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	Receivable from related parties	Yes	\$ 1,366,914 (RMB 310,000 thousand)	\$ 1,102,350 (RMB 250,000 thousand)	\$ 730,417 (RMB 165,650 thousand)	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,217,661 (RMB 502,939 thousand) (Note 3)	\$ 4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Panjin Union Logistics	Receivable from related parties	Yes	485,034 (RMB 110,000 thousand)	242,517 (RMB 55,000 thousand)	198,423 (RMB 45,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Panjin Union Chemical	Receivable from related parties	Yes	1,499,196 (RMB 340,000 thousand)	793,692 (RMB 180,000 thousand)	573,222 (RMB 130,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Nanchong Unicizers	Receivable from related parties	Yes	529,128 (RMB 120,000 thousand)	264,564 (RMB 60,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Panjin Union Materials	Receivable from related parties	Yes	485,034 (RMB 110,000 thousand)	220,470 (RMB 50,000 thousand)	154,329 (RMB 35,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Taizhou Union Chemical	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	264,564 (RMB 60,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Zhuhai Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Zhongshan Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Taizhou Union Plastics	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
2	Glory Ace	Union Hong Kong	Receivable from related parties	Yes	598,845 (US\$ 19,500 thousand)	598,845 (US\$ 19,500 thousand)	598,845 (US\$ 19,500 thousand)	-	2	-	Operating capital	-	-	-	599,923 (US\$ 19,535 thousand) (Note 5)	599,923 (US\$ 19,535 thousand) (Note 6)
3	CHL	UPC Chemicals (Malaysia)	Receivable from related parties	Yes	506,715 (US\$ 16,500 thousand)	245,680 (US\$ 8,000 thousand)	-	-	2	-	Operating capital	-	-	-	12,704,842 (US\$ 413,704 thousand) (Note 7)	25,409,686 (US\$ 827,408 thousand) (Note 8)
		UPCM Trading (Thailand)	Receivable from related parties	Yes	92,130 (US\$ 3,000 thousand)	92,130 (US\$ 3,000 thousand)	46,065 (US\$ 1,500 thousand)	-	2	-	Operating capital	-	-	-	12,704,842 (US\$ 413,704 thousand) (Note 7)	25,409,686 (US\$ 827,408 thousand) (Note 8)
		Union Hong Kong	Receivable from related parties	Yes	307,100 (US\$ 10,000 thousand)	264,106 (US\$ 8,600 thousand)	264,106 (US\$ 8,600 thousand)	-	2	-	Operating capital	-	-	-	12,704,842 (US\$ 413,704 thousand) (Note 7)	25,409,686 (US\$ 827,408 thousand) (Note 8)

(Continued)

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
4	Guangdong Union Logistics	Zhuhai Unicizers	Receivable from related parties	Yes	\$ 132,282 (RMB 30,000 thousand)	\$ 132,282 (RMB 30,000 thousand)	\$ 121,259 (RMB 27,500 thousand)	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 185,569 (RMB 42,085 thousand) (Note 9)	\$ 185,569 (RMB 42,085 thousand) (Note 10)
		Zhongshan Unicizers	Receivable from related parties	Yes	44,094 (RMB 10,000 thousand)	44,094 (RMB 10,000 thousand)	5,732 (RMB 1,300 thousand)	1.51%	2	-	Operating capital	-	-	-	185,569 (RMB 42,085 thousand) (Note 9)	185,569 (RMB 42,085 thousand) (Note 10)
5	Jiangsu Union Logistics	ZhengJiang Union Chemical	Receivable from related parties	Yes	242,517 (RMB 55,000 thousand)	-	-	1.51%	2	-	Operating capital	-	-	-	246,511 (RMB 55,906 thousand) (Note 11)	246,511 (RMB 55,906 thousand) (Note 12)
		Panjin Union Chemical	Receivable from related parties	Yes	176,376 (RMB 40,000 thousand)	176,376 (RMB 40,000 thousand)	176,376 (RMB 40,000 thousand)	1.51%	2	-	Operating capital	-	-	-	246,511 (RMB 55,906 thousand) (Note 11)	246,511 (RMB 55,906 thousand) (Note 12)
		Panjin Union Materials	Receivable from related parties	Yes	44,094 (RMB 10,000 thousand)	44,094 (RMB 10,000 thousand)	30,866 (RMB 7,000 thousand)	1.51%	2	-	Operating capital	-	-	-	246,511 (RMB 55,906 thousand) (Note 11)	246,511 (RMB 55,906 thousand) (Note 12)
6	Taizhou Union Plastics	Nanchong Unicizers	Receivable from related parties	Yes	1,300,773 (RMB 295,000 thousand)	948,021 (RMB 215,000 thousand)	903,927 (RMB 205,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Panjin Union Logistics	Receivable from related parties	Yes	396,846 (RMB 90,000 thousand)	264,564 (RMB 60,000 thousand)	264,564 (RMB 60,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Panjin Union Materials	Receivable from related parties	Yes	1,234,632 (RMB 280,000 thousand)	1,014,162 (RMB 230,000 thousand)	899,518 (RMB 204,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Panjin Union Chemical	Receivable from related parties	Yes	1,322,820 (RMB 300,000 thousand)	1,190,538 (RMB 270,000 thousand)	1,058,256 (RMB 240,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Taizhou Union Logistics	Receivable from related parties	Yes	330,705 (RMB 75,000 thousand)	198,423 (RMB 45,000 thousand)	52,913 (RMB 12,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		ZhenJiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Taizhou Union Chemical	Receivable from related parties	Yes	352,752 (RMB 80,000 thousand)	352,752 (RMB 80,000 thousand)	88,188 (RMB 20,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Zhuhai Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Zhongshang Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
7	Sichung Logistics	Nanchong Unicizers	Receivable from related parties	Yes	154,329 (RMB 35,000 thousand)	154,329 (RMB 35,000 thousand)	142,865 (RMB 32,400 thousand)	1.51%	2	-	Operating capital	-	-	-	157,960 (RMB 35,823 thousand) (Note 15)	157,960 (RMB 35,823 thousand) (Note 16)

(Continued)

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
8	Zhongshan Unicizers	Zhuhai Unicizers	Receivable from related parties	Yes	\$ 440,940 (RMB 100,000 thousand)	\$ 440,940 (RMB 100,000 thousand)	\$ 220,470 (RMB 50,000 thousand)	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 3,224,981 (RMB 731,388 thousand) (Note 17)	\$ 6,449,963 (RMB 1,462,776 thousand) (Note 18)
		Panjin Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	3,224,981 (RMB 731,388 thousand) (Note 17)	6,449,963 (RMB 1,462,776 thousand) (Note 18)
		ZhenJiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	3,224,981 (RMB 731,388 thousand) (Note 17)	6,449,963 (RMB 1,462,776 thousand) (Note 18)
9	Zhuhai Unicizers	Zhongshang Unicizers	Receivable from related parties	Yes	396,846 (RMB 90,000 thousand)	264,564 (RMB 60,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,201,401 (RMB 272,464 thousand) (Note 19)	2,402,802 (RMB 544,927 thousand) (Note 20)
		Nanchong Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,201,401 (RMB 272,464 thousand) (Note 19)	2,402,802 (RMB 544,927 thousand) (Note 20)
		ZhenJiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,201,401 (RMB 272,464 thousand) (Note 19)	2,402,802 (RMB 544,927 thousand) (Note 20)
10	Panjin Union Logistics	Panjin Union Chemical	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	88,188 (RMB 20,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	504,733 (RMB 114,468 thousand) (Note 21)	1,009,466 (RMB 228,935 thousand) (Note 22)
11	Panjin Union Materials	Panjin Union Chemical	Receivable from related parties	Yes	617,316 (RMB 140,000 thousand)	308,658 (RMB 70,000 thousand)	154,329 (RMB 35,000 thousand)	1.51%	2	-	Operating capital	-	-	-	721,809 (RMB 163,698 thousand) (Note 23)	1,443,619 (RMB 327,296 thousand) (Note 24)
		Panjin Union Logistics	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	88,188 (RMB 20,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	721,809 (RMB 163,698 thousand) (Note 23)	1,443,619 (RMB 327,296 thousand) (Note 24)
12	Panjin Union Chemical	Panjin Union Logistics	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	-	-	1.51%	2	-	Operating capital	-	-	-	751,136 (RMB 170,349 thousand) (Note 25)	1,502,272 (RMB 340,698 thousand) (Note 26)
13	Taizhou Union Chemical	Taizhou Union Logistics	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Panjin Union Chemical	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	-	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Taizhou Union Plastics	Receivable from related parties	Yes	529,128 (RMB 120,000 thousand)	352,752 (RMB 80,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Nanchong Unicizers	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	132,282 (RMB 30,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Zhuhai Unicizers	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)

(Continued)

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
		Panjin Union Materials	Receivable from related parties	Yes	\$ 88,188 (RMB 20,000 thousand)	\$ -	\$ -	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,280,165 (RMB 290,327 thousand) (Note 27)	\$ 2,560,330 (RMB 580,653 thousand) (Note 28)
		Zhongshang Unicizers	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	88,188 (RMB 20,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Zhenjiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
					\$ 16,673,126	\$ 12,091,979	\$ 6,993,328			\$ -						

Note 1: 1 for Zhenjiang Union Chemical. 2 for Glory Ace. 3 for CHL. 4 for Guangdong Union Logistics. 5 for Jiangsu Union Logistics. 6 for Taizhou Union Plastics. 7 for Sichung Logistics. 8 for Zhongshan Unicizers. 9 for Zhuhai Unicizers. 10 for Panjin Union Logistics 11 for Panjin Union Materials. 12 for Panjin Union Chemical 13 for Taizhou Union Chemical.

Note 2: The nature of financing is as follows:

- a. Business transaction, fill in 1.
- b. The need for short-term financing, fill in 2.

Note 3: Financing limit for each borrowing company shall not exceed 50% of Zhenjiang Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 4: Financing company’s total financing amount limits shall not exceed 100% of Zhenjiang Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 5: Financing limit for each borrowing company shall not exceed 100% of Glory Ace’s net equity in latest financial statements which were audited or reviewed.

Note 6: Financing company’s total financing amount limits shall not exceed 100% of Glory Ace’s net equity in latest financial statements which were audited or reviewed.

Note 7: Financing limit for each borrowing company shall not exceed 50% of Constant’s net equity in latest financial statements which were audited or reviewed.

Note 8: Financing company’s total financing amount limits shall not exceed 100% of Constant’s net equity in latest financial statements which were audited or reviewed.

Note 9: Financing limit for each borrowing company shall not exceed 100% of Guangdong Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 10: Financing company’s total financing amount limits shall not exceed 100% of Guangdong Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 11: Financing limit for each borrowing company shall not exceed 100% of Jiangsu Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 12: Financing company’s total financing amount limits shall not exceed 100% of Jiangsu Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 13: Financing limit for each borrowing company shall not exceed 50% of Taizhou Union Plastics’ net equity in latest financial statements which were audited or reviewed.

Note 14: Financing company’s total financing amount limits shall not exceed 100% of Taizhou Union Plastics’ net equity in latest financial statements which were audited or reviewed.

Note 15: Financing limit for each borrowing company shall not exceed 100% of Sichung Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 16: Financing company’s total financing amount limits shall not exceed 100% of Sichung Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 17: Financing limit for each borrowing company shall not exceed 50% of Zhongshan Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 18: Financing company’s total financing amount limits shall not exceed 100% of Zhongshan Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 19: Financing limit for each borrowing company shall not exceed 50% of Zhuhai Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 20: Financing company’s total financing amount limits shall not exceed 100% of Zhuhai Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 21: Financing limit for each borrowing company shall not exceed 50% of Panjin Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 22: Financing company’s total financing amount limits shall not exceed 100% of Panjin Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 23: Financing limit for each borrowing company shall not exceed 50% of Panjin Union Materials’ net equity in latest financial statements which were audited or reviewed.

Note 24: Financing company’s total financing amount limits shall not exceed 100% of Panjin Union Materials’ net equity in latest financial statements which were audited or reviewed.

Note 25: Financing limit for each borrowing company shall not exceed 50% of Panjin Union Chemical’s net equity in latest financial statements which were audited or reviewed.

(Continued)

Note 26: Financing company’s total financing amount limits shall not exceed 100% of Panjin Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 27: Financing limit for each borrowing company shall not exceed 50% of Taizhou Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 28: Financing company’s total financing amount limits shall not exceed 100% of Taizhou Union Chemical’s net equity in latest financial statements which were audited or reviewed.

(Concluded)

TABLE 2

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	Taizhou Union Plastics	b	\$ 13,382,874 (Note 3)	\$ 614,200 (US\$ 20,000 thousand)	\$ 614,200 (US\$ 20,000 thousand)	\$ -	\$ -	2.29 %	\$ 40,148,622 (Note 3)	Y	N	Y
		Nanchong Unicizers	b		3,408,466 (RMB 773,000 thousand)	2,813,197 (RMB 638,000 thousand)	565,215 (RMB 128,184 thousand)	-	10.51 %		Y	N	Y
		UPC Chemicals (Malaysia)	b		1,535,500 (US\$ 50,000 thousand)	1,535,500 (US\$ 50,000 thousand)	626 (MYR 90 thousand)	-	5.74 %		Y	N	N
		Panjin Union Materials	b		1,417,622 (RMB 321,500 thousand)	1,137,625 (RMB 258,000 thousand)	268,973 (RMB 61,000 thousand)	-	4.25 %		Y	N	Y
		Panjin Union Chemical	b		4,629,870 (RMB1,050,000 thousand)	3,527,520 (RMB 800,000 thousand)	1,087,667 (RMB 246,670 thousand)	-	13.18 %		Y	N	Y
		Union Hong Kong	b		698,878 (US\$ 15,000 thousand) (EUR 7,281 thousand)	698,878 (US\$ 15,000 thousand) (EUR 7,281 thousand)	302,240 (US\$ 2,084 thousand) (EUR 7,281 thousand)	-	2.61 %		Y	N	N
1	Zhongshan Unicizers	Panjin Union Chemical	d	3,224,981 (Note 3)	3,528 (RMB 800 thousand)	3,528 (RMB 800 thousand)	-	-	0.05%	9,674,944 (Note 3)	Y	N	Y
2	Zhenjiang Union Chemical	Jiangsu Union Logistics	d	2,217,661 (Note 3)	6,614 (RMB 1,500 thousand)	6,614 (RMB 1,500 thousand)	1,891 (RMB 429 thousand)	-	0.15%	6,652,983 (Note 3)	N	N	Y
3	Panjain Union Materials	Panjin Union Chemical	d	721,809 (Note 3)	53,177 (RMB 12,060 thousand)	53,177 (RMB 12,060 thousand)	-	-	3.68%	2,165,428 (Note 3)	N	N	Y

(Continued)

Note 1: 0 for the Company. 1 for Zhongshan Unicizers. 2 for Zhenjiang Union Chemical. 3 for Panjain Union Materials

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party are as follows:

- a. A company with which it does business.
- b. A Company in which the company directly and indirectly holds more than 50 percent of the voting shares.
- c. A Company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- d. Companies in which the company holds, directly and indirectly, 90% or more of the voting shares.
- e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of endorsement or guarantee that the Company, Zhongshan Unicizers, Zhenjiang Union Chemical and Panjain Union Materials are allowed to provide is up to 150% of the net equity of the latest financial statements of the Company, Zhongshan Unicizers, Zhenjiang Union Chemical and Panjain Union Materials which were audited or reviewed. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 50% of the net equity of the latest financial statements of the Company, Zhongshan Unicizers, Zhenjiang Union Chemical and Panjain Union Materials which were audited or reviewed.

(Concluded)

TABLE 3

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Shares/Units (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
The Company	<u>Domestic listed shares</u> Lien Hwa Industrial Holdings Corp.	With the same chairman	Financial assets at FVTOCI - noncurrent	143,262	\$ 7,177,409	9.68	\$ 7,177,409	
	MiTAC Holdings Corporation	"	"	99,803	2,944,177	8.27	2,944,177	
	<u>Domestic unlisted shares</u> Lienhwa United LPG	The Company is its director	"	4,923	61,633	17.29	61,633	
	Harbinger Venture Capital Corp.	With the same chairman	"	7	53	3.35	53	
UVC	Harbinger VI Venture Capital Corp.	"	"	3,214	39,948	13.28	39,948	
	<u>Domestic listed shares and emerging market shares</u> U.D. ELECTRONIC CORP.		"	19	607	0.02	607	
	ACTi Corporation		"	517	5,388	1.46	5,388	
	Visco Vision Inc.		"	123	35,049	0.20	35,049	
	<u>Domestic unlisted shares</u> Harbinger III Venture Capital Corp.		"	15	333	15.00	333	
	Harbinger VI Venture Capital Corp.		"	739	9,188	3.05	9,188	
	Harbinger VII Venture Capital Corp.	With the same chairman	"	6,931	126,425	9.33	126,425	
	Harbinger VIII Venture Capital Corp.		"	10,950	112,238	8.45	112,238	
	Taiwan Mobile Communication INC.		"	447	2,466	1.10	2,466	
	Mercury Electronic		"	306	3,787	1.24	3,787	
WCI	<u>Mutual funds</u> Capital Money Market Fund		Financial assets at FVTPL - current	2,577	42,227	-	42,227	
	<u>Domestic unlisted shares</u> Lien Yung Investment Corporation		Financial assets at FVTOCI - noncurrent	9,217	126,921	19.99	126,921	
	Tong Da Investment Corporation		"	4,848	118,100	19.99	118,100	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Shares/Units (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
TUI	<u>Domestic listed shares</u>	With the same chairman	Financial assets at FVTOCI - current	2,006	\$ 88,565	0.33	\$ 88,565	
	Getac Technology Corporation		"	11,811	333,070	1.99	333,070	
	Asia Polymer Corporation		"	8,855	198,352	2.23	198,352	
	Taita Chemical Company, Limited		"	4,950	293,040	0.30	293,040	
	Synnex Technology International Corporation							
	<u>Domestic unlisted shares</u>	With the same chairman	Financial assets at FVTOCI - noncurrent	863	19,286	19.99	19,286	
CHL	Harbinger Venture Management Co., Ltd.		"	914	51,123	0.22	51,123	
	Mitac Incorporated	"						
	<u>Foreign unlisted shares</u>							
	Budworth		"	30	6	3.33	6	

Note 1: Marketable Securities in this table are stocks, mutual funds and securities derived from these items under IFRS “Financial Instruments: Recognition and Measurement”.

Note 2: Issuers of financial instruments, which are not related parties, can skip the column.

Note 3: The carrying amounts of financial instruments measured at fair values are adjusted for fair values less accumulated impairment losses; the carrying amounts of financial instruments not measured at fair values are the original costs or amortized costs less accumulated impairment losses.

Note 4: Refer to Table 8 and Table 9 for the information of investments in subsidiaries and associates.

(Concluded)

TABLE 4

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type And Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Share of Profit and Loss of Investment	Change in Evaluation of Profit and Loss	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (Note)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal			Shares/Units (In Thousands)	Amount
The Company	<u>Shares</u> CHL	Investments accounted for using the equity method	Original capital contribution	Subsidiary	471,304	\$ 25,895,473	21,000	\$ 609,442	58,994 (Note 4)	\$ -	\$ 1,838,838	\$ -	\$ (1,657,934)	\$ 734,936 (Note 1)	433,310	\$ 23,743,079
	UPC Chemicals (Malaysia)	Investments accounted for using the equity method	Original capital contribution	Subsidiary	-	-	163,427 (Note 5)	1,838,838	-	-	-	-	(47,262)	(29,528) (Note 3)	163,427	1,762,048
CHL	<u>Shares</u> Goldendust	Investments accounted for using the equity method	Original capital contribution	Subsidiary	87,208	7,640,518	12,000	344,950	-	-	-	-	(874,279)	145,788 (Note 3)	99,208	7,256,977
Goldendust	<u>Shares</u> Zhongshang Unicizers	Investments accounted for using the equity method	Original capital contribution	Subsidiary	(Note 2)	6,713,635	(Note 2)	344,950	-	-	-	-	(718,852)	126,632 (Note 3)	(Note 2)	6,466,365
Prestige Spring	<u>Shares</u> UPC Chemicals (Malaysia)	Investments accounted for using the equity method	Original capital contribution	Subsidiary	163,427	1,680,833	-	-	163,427 (Note 5)	1,838,838	1,838,838	-	(50,967)	208,972 (Note 3)	-	-

Note 1: The change in evaluation of profit and loss includes exchange differences on translating the financial statements of foreign operations of \$732,556 thousand and unrealized gain on financial assets at fair value through other comprehensive income of \$2,380 thousand.

Note 2: Limited company.

Note 3: The change in evaluation of profit and loss includes exchange differences on translating the financial statements of foreign operations.

Note 4: Proceeds from return of investment.

Note 5: Organizational restructuring, please refer to Note 12 (d) for details.

TABLE 5

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Zhenjiang Union Chemical	Entity that the Company directly or indirectly invests in	Sale	\$ (205,093)	(3.73)	45 days, may be adjusted depending on the situation			\$ 11,493	2.20	
	Taizhou Union Chemical	"	Sale	(311,716)	(5.66)	45 days, may be adjusted depending on the situation			14,479	2.77	
	Zhuhai Unicizers	"	Sale	(213,893)	(3.89)	45 days, may be adjusted depending on the situation			28,256	5.41	
	Panjin Union Chemical	"	Sale	(534,833)	(9.72)	45 days, may be adjusted depending on the situation			165,596	31.71	
Zhongshan Unicizers	The Company	"	Sale	(117,630)	(2.17)	45 days, may be adjusted depending on the situation			15,513	6.12	
	Zhenjiang Union Chemical	"	Sale	(123,755)	(2.28)	30 days, may be adjusted depending on the situation			-	-	
Taizhou Union Chemical	Zhenjiang Union Chemical	"	Sale	(245,883)	(2.50)	30 days, may be adjusted depending on the situation			11,792	2.00	
	Taizhou Union Plastics	"	Sale	(191,388)	(1.95)	30 days, may be adjusted depending on the situation			-	-	
	Panjin Union Chemical	"	Sale	(203,041)	(2.06)	30 days, may be adjusted depending on the situation			-	-	
	Nanchong Unicizers	"	Sale	(225,897)	(2.30)	30 days, may be adjusted depending on the situation			79,149	13.40	
Zhuhai Unicizers	The Company	"	Sale	(222,732)	(1.65)	45 days, may be adjusted depending on the situation			20,981	2.73	
	Zhongshan Unicizers	"	Sale	(1,444,403)	(10.73)	30 days, may be adjusted depending on the situation			39,785	5.17	
	UPC Chemicals (Malaysia)	"	Sale	(194,443)	(1.44)	45 days, may be adjusted depending on the situation			-	-	
Zhenjiang Union Chemical	The Company	"	Sale	(177,293)	(1.20)	45 days, may be adjusted depending on the situation			14,313	1.73	
	Taizhou Union Chemical	"	Sale	(331,904)	(2.24)	30 days, may be adjusted depending on the situation			7,087	0.86	
	Zhuhai Unicizers	"	Sale	(240,075)	(1.62)	30 days, may be adjusted depending on the situation			-	-	
	Nanchong Unicizers	"	Sale	(138,258)	(0.93)	30 days, may be adjusted depending on the situation			6,530	0.79	
Panjin Union Chemical	The Company	"	Sale	(186,753)	(1.59)	45 days, may be adjusted depending on the situation			-	-	
	Zhenjiang Union Chemical	"	Sale	(2,354,881)	(20.06)	30 days, may be adjusted depending on the situation			642,456	90.45	
	Taizhou Union Chemical	"	Sale	(123,823)	(1.05)	30 days, may be adjusted depending on the situation			-	-	
	Zhuhai Unicizers	"	Sale	(701,525)	(5.98)	30 days, may be adjusted depending on the situation			19,288	2.72	

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Nanchong Unicizers	Zhenjiang Union Chemical	Entity that the Company directly or indirectly invests in	Sale	\$ (340,695)	(9.47)	30 days, may be adjusted depending on the situation			\$ 4,096	2.59	
UPC Chemicals (Malaysia)	UPCM Chemicals (Thailand)	"	Sale	(647,047)	(11.59)	90 days, may be adjusted depending on the situation			138,328	22.63	
	UPCM Chemicals (Vietnam)	"	Sale	(871,286)	(15.60)	90 days, may be adjusted depending on the situation			184,912	30.25	
Union Hong Kong	Zhongshan Unicizers	"	Sale	(153,773)	(1.42)	120 days, may be adjusted depending on the situation			37,629	3.33	
	Taizhou Union Chemical	"	Sale	(5,849,577)	(54.17)	120 days, may be adjusted depending on the situation			376,511	33.33	
	Zhuhai Unicizers	"	Sale	(1,619,501)	(15.00)	120 days, may be adjusted depending on the situation			151,721	13.43	
	Panjin Union Chemical	"	Sale	(170,575)	(1.58)	120 days, may be adjusted depending on the situation			-	-	
	Panjin Union Materials	"	Sale	(193,374)	(1.79)	120 days, may be adjusted depending on the situation			76,406	6.76	
	UPC Chemicals (Malaysia)	"	Sale	(2,777,068)	(25.72)	120 days, may be adjusted depending on the situation			464,900	41.16	

(Concluded)

TABLE 6

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Panjin Union Chemical	Entity that the Company directly or indirectly invests in	Trade receivables \$ 165,596	4.77	\$ -		\$ 136,582	\$ -
Panjin Union Chemical	Zhenjiang Union Chemical	"	Trade receivables 157,422	29.26	-		156,423	-
UPC Chemicals (Malaysia)	UPCM Trading (Thailand)	"	Trade receivables 138,328	5.24	-		100,420	-
	UPCM Trading (Vietnam)	"	Trade receivables 184,912	5.36	-		121,822	-
Union Hong Kong	Taizhou Union Chemical	"	Trade receivables 376,511	11.76	-		376,511	-
	Zhuhai Unicizers	"	Trade receivables 151,721	6.98	-		64,055	-
	UPC Chemicals (Malaysia)	"	Trade receivables 464,900	8.10	-		283,508	-
Glory Ace	Union Hong Kong	"	Other receivables 598,845	-	-		-	-
CHL	Union Hong Kong	"	Other receivables 264,106	-	-		-	-
Zhongshan Unicizers	Zhuhai Unicizers	"	Other receivables 222,737	-	-		198,423	-
Zhenjiang Union Chemical	Zhuhai Unicizers	"	Other receivables 132,282	-	-		88,188	-
	Panjin Union Chemical	"	Other receivables 573,418	-	-		220,470	-
	Panjin Union Logistics	"	Other receivables 198,423	-	-		-	-
	ZhenJiang Union Torch Estate	"	Other receivables 730,417	-	-		-	-
	Panjin Union Materials	"	Other receivables 154,329	-	-		-	-
Taizhou Union Plastics	Panjin Union Chemical	"	Other receivables 1,058,256	-	-		-	-
	Panjin Union Logistics	"	Other receivables 264,564	-	-	-	-	-
	Panjin Union Materials	"	Other receivables 899,518	-	-	-	-	-
	Nanchong Unicizers	"	Other receivables 903,927	-	-	-	-	-
Jiangsu Union Logistics	Panjin Union Chemical	"	Other receivables 176,376	-	-	-	-	-
Guangdong Union Logistics	Zhuhai Unicizers	"	Other receivables 121,259	-	-		11,024	-
Panjin Union Materials	Panjin Union Chemical	"	Other receivables 167,710	-	-		78,580	-
Sichung Logistics	Nanchong Unicizers	"	Other receivables 142,865	-	-	-	-	-
Panjin Union Chemical	Zhenjiang Union Chemical	"	Notes receivable 485,034	-	-	-	-	-

Note: It was the amount received as of March 15, 2023.

TABLE 7**UPC TECHNOLOGY CORP. AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Notes 4 and 5)	Payment Terms	% of Total Sales or Total Assets (Note 3)
0	The Company	Taizhou Union Chemical	a	Sales	\$ 311,716	The terms of transaction are the same as general business practices	-
		Zhuhai Unicizers	a	Sales	213,893	The terms of transaction are the same as general business practices	-
		Zhenjiang Union Chemical	a	Sales	205,093	The terms of transaction are the same as general business practices	-
		Panjing Union Chemical	a	Trade receivables - related parties	165,596	The terms of transaction are the same as general business practices	-
		Panjing Union Chemical	a	Sales	534,833	The terms of transaction are the same as general business practices	1
1	Glory Ace	Union Hong Kong	c	Other receivables - related parties	598,845	The terms of transaction are the same as general business practices	1
2	Zhongshan Unicizers	Zhuhai Unicizers	c	Other receivables - related parties	222,737	The terms of transaction are the same as general business practices	-
		Zhenjiang Union Chemical	c	Sales	123,755	The terms of transaction are the same as general business practices	-
		The Company	b	Sales	117,630	The terms of transaction are the same as general business practices	-
3	Taizhou Union Chemical	Panjain Union Chemical	c	Sales	203,041	The terms of transaction are the same as general business practices	-
		Nanchong Unicizers	c	Sales	225,897	The terms of transaction are the same as general business practices	-
		Taizhou Union Plastics	c	Other revenue	229,943	The terms of transaction are the same as general business practices	-
		Taizhou Union Plastics	c	Sales	191,388	The terms of transaction are the same as general business practices	-
		Zhenjiang Union Chemical	c	Sales	245,883	The terms of transaction are the same as general business practices	-

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Notes 4 and 5)	Payment Terms	% of Total Sales or Total Assets (Note 3)
4	Union Hong Kong	Taizhou Union Chemical	c	Trade receivables - related parties	\$ 376,511	The terms of transaction are the same as general business practices	1
		UPC Chemicals (Malaysia)	c	Trade receivables - related parties	464,900	The terms of transaction are the same as general business practices	1
		Taizhou Union Chemical	c	Sales	5,849,577	The terms of transaction are the same as general business practices	12
		UPC Chemicals (Malaysia)	c	Sales	2,777,068	The terms of transaction are the same as general business practices	5
		Zhuhai Unicizers	c	Trade receivables - related parties	151,721	The terms of transaction are the same as general business practices	-
		Zhuhai Unicizers	c	Sales	1,619,501	The terms of transaction are the same as general business practices	3
		Zhongshan Unicizers	c	Sales	153,773	The terms of transaction are the same as general business practices	-
		Panjing Union Chemical	c	Sales	170,575	The terms of transaction are the same as general business practices	-
		Panjing Union Materials	c	Sales	193,374	The terms of transaction are the same as general business practices	-
5	Panjing Union Chemical	Zhenjiang Union Chemical	c	Trade receivables - related parties	157,422	The terms of transaction are the same as general business practices	-
		The Company	b	Sales	186,753	The terms of transaction are the same as general business practices	-
		Zhenjiang Union Chemical	c	Sales	2,354,881	The terms of transaction are the same as general business practices	3
		Zhuhai Unicizers	c	Sales	701,525	The terms of transaction are the same as general business practices	1
		Panjin Union Materials	c	Other income	201,255	The terms of transaction are the same as general business practices	-
		Zhenjiang Union Chemical	c	Notes receivables - related parties	485,034	The terms of transaction are the same as general business practices	1
		Taizhou Union Chemical	c	Sales	123,823	The terms of transaction are the same as general business practices	-
6	Taizhou Union Plastics	Panjing Union Chemical	c	Other receivables - related parties	1,058,256	The terms of transaction are the same as general business practices	2
		Panjin Union Logistics	c	Other receivables - related parties	264,564	The terms of transaction are the same as general business practices	1
		Panjin Union Materials	c	Other receivables - related parties	899,518	The terms of transaction are the same as general business practices	2
		Nanchong Unicizers	c	Other receivables - related parties	903,927	The terms of transaction are the same as general business practices	2

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Notes 4 and 5)	Payment Terms	% of Total Sales or Total Assets (Note 3)
7	Constant	Union Hong Kong	c	Other receivables - related parties	\$ 264,106	The terms of transaction are the same as general business practices	1
8	Sichung Logistics	Nanchong Unicizers	c	Other receivables - related parties	142,865	The terms of transaction are the same as general business practices	-
9	Guangdong Union Logistics	Zhuhai Unicizers	c	Other receivables - related parties	121,259	The terms of transaction are the same as general business practices	-
		Zhuhai Unicizers	c	Other operating revenue	111,777	The terms of transaction are the same as general business practices	-
10	Jiangsu Union Logistics	Panjing Union Chemical	c	Other receivables - related parties	176,376	The terms of transaction are the same as general business practices	-
		Zhenjiang Union Chemical	c	Other operating revenue	124,537	The terms of transaction are the same as general business practices	-
11	Zhuhai Unicizers	Zhongshan Unicizers	c	Sales	1,444,403	The terms of transaction are the same as general business practices	3
		The Company	b	Sales	222,732	The terms of transaction are the same as general business practices	-
		UPC Chemicals (Malaysia)	c	Sales	194,443	The terms of transaction are the same as general business practices	-
12	Zhenjiang Union Chemical	Panjing Union Chemical	c	Other receivables - related parties	573,418	The terms of transaction are the same as general business practices	1
		Panjin Union Logistics	c	Other receivables - related parties	198,423	The terms of transaction are the same as general business practices	-
		ZhenJiang Union Torch Estate	c	Other receivables - related parties	730,417	The terms of transaction are the same as general business practices	1
		Nanchong Unicizers	c	Sales	138,258	The terms of transaction are the same as general business practices	-
		Panjin Union Materials	c	Other receivables - related parties	154,329	The terms of transaction are the same as general business practices	-
		The Company	b	Sales	177,293	The terms of transaction are the same as general business practices	-
		Zhuhai Unicizers	c	Sales	240,075	The terms of transaction are the same as general business practices	-
		Zhuhai Unicizers	c	Other receivables - related parties	132,282	The terms of transaction are the same as general business practices	-
		Taizhou Union Chemical	c	Sales	331,904	The terms of transaction are the same as general business practices	-

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Notes 4 and 5)	Payment Terms	% of Total Sales or Total Assets (Note 3)
13	Nanchong Unicizers	Zhenjiang Union Chemical	c	Sales	\$ 340,695	The terms of transaction are the same as general business practices	-
14	UPC Chemicals (Malaysia)	UPCM Chemicals (Vietnam)	c	Sales	871,286	The terms of transaction are the same as general business practices	1
		UPCM Chemicals (Thailand)	c	Sales	647,047	The terms of transaction are the same as general business practices	1
		UPCM Chemicals (Thailand)	c	Trade receivables - related parties	138,328	The terms of transaction are the same as general business practices	-
		UPCM Chemicals (Vietnam)	c	Trade receivables - related parties	184,912	The terms of transaction are the same as general business practices	-
15	Panjing Union Materials	Panjing Union Chemical	c	Other receivables - related parties	167,710	The terms of transaction are the same as general business practices	-

Note 1: The Business information between the Company and subsidiaries should be indicated in the number field, the method of filling in the number is as follows:

- a. Parent fill in 0.
- b. Subsidiaries fill from 1 respectively.

Note 2: The relationship with the counterparty includes three types as follows:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. Between subsidiaries.

Note 3: The calculation of transaction percentage as follow: For balance sheet accounts, calculate by how much the ending balance account consolidated asset for; for income statement accounts, calculate by how much the accumulated amount account consolidated revenue for.

Note 4: The transaction amount’s threshold of disclosure is above NT\$100,000 thousand.

Note 5: It has been written off when preparing consolidated financial report.

(Concluded)

TABLE 8

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
The Company	CHL	Tortola, British Virgin Islands	Investment	\$ 13,127,287	\$ 14,356,683	433,310	100.00	\$ 23,743,079	\$ (1,657,934)	\$ (1,657,934)	Subsidiary
	Glory Ace	Tortola, British Virgin Islands	Trading	128,451	128,451	605	100.00	599,874	(48)	(48)	"
	UVC	Tiding Blvd., Taipei City	Investment	250,013	250,013	22,701	100.00	393,390	(25,567)	(25,567)	"
	WCI	Nangang Rd., Taipei City	"	160,000	160,000	16,000	100.00	295,300	34,070	34,070	"
	TUI	Minsheng E. Rd., Taipei City	"	453,525	453,525	78,719	100.00	1,385,027	84,253	84,253	"
	UPC Chemicals (Malaysia)	Selangor, Malaysia	Manufacturing and selling of PLASTICIZERS and PA	1,838,838 (Note 3)	-	163,427	100.00	1,762,048	(98,229)	(47,262)	"
CHL	Star Bright	Tortola, British Virgin Islands	Investment	1,348	1,348	51	100.00	279,610	(44,923)		Subsidiary
	Goldendust	"	"	3,070,575	2,725,625	99,208	100.00	7,256,977	(874,279)		"
	Natural	"	"	3,278,180	3,278,180	105,400	100.00	4,200,036	(165,740)		"
	Magic Props	"	"	919,533	919,533	28,140	100.00	2,069,422	(73,493)		"
	Pure Fantasy	"	"	217,544	217,544	6,331	100.00	422,644	(103,715)		"
	Modern Vantage	"	"	763,540	763,540	25,334	100.00	804,135	96,296		"
	Charmon	"	"	972,950	972,950	31,637	100.00	1,295,577	10,856		"
	Linkhope	"	"	88,755	88,755	3,000	100.00	259,245	12,805		"
	Reachworld	"	"	87,960	87,960	3,000	100.00	195,667	10,151		"
	Daywinn	"	"	711,773	711,773	23,380	100.00	1,444,416	(56,998)		"
	Dragonoble	"	"	1,494,521	1,435,059	50,670	100.00	684,569	(214,833)		"
	Pagerise	"	"	965,857	965,857	32,000	100.00	1,023,628	14,234		"
	Greaterise	"	"	1,502,187	1,297,157	49,000	100.00	1,470,501	(180,122)		"
	Granfaith	"	"	922,434	922,434	30,351	100.00	355,477	(109,237)		"
	Faithouse	"	"	150,500	150,500	5,000	100.00	160,248	1,957		"
	Prestige Spring	"	"	(Note 3)	1,251,836	-	-	-	(50,967)		"
	Union Hong Kong	Tsimshatsui Kowloon, Hong Kong	Trading	913,293	913,293	232,409	100.00	1,149,931	71,692		"
	Harbinger Ruyi	Tortola, British Virgin Islands	Investment	30,465	30,465	1,000	28.57	22,979	465		Subsidiary's investee company under the equity method

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
UVC	Inno Strategy	Tortola, British Virgin Islands	Investment	(Note 4)	\$ 3,075	-	-	\$ -	\$ 478		Subsidiary
Star Bright	Logical Path Ltd.	Tsimshatsui Kowloon, Hong Kong	Investment	\$ 37	37	10	100.00	279,601	(44,923)		Subsidiary
Prestige Spring	UPC Chemicals (Malaysia)	Selangor, Malaysia	Manufacturing and selling of PLASTICIZERS and PA	(Note 3)	1,251,836	-	-	-	(98,229)		Subsidiary
UPC Chemicals (Malaysia)	UPCM Trading (Thailand)	Bangkok, Thailand	Trading	28,905	28,905	30,000	100.00	8,896	(8,093)		Subsidiary
	UPCM Trading (Vietnam)	Ho Chi Minh City Vietnam	Trading	17,867	17,867	(Note 2)	100.00	12,305	(21,485)		Subsidiary

Note 1: Please refer to Table 9 for information of investees of Mainland China.

Note 2: Limited company.

Note 3: After the Company acquired UPC Chemicals (Malaysia) from Prestige Spring in November 2022, CHL merged the equity of Prestige Spring, and Prestige Spring dissolved in the merger.

Note 4: The Group completed the liquidation of Inno Strategy in December 2022.

(Concluded)

TABLE 9

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	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	Percentage of Ownership (%)	Net Income (Loss) of the Investee Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
						Outflow	Inflow						
Goldendust	Zhongshan Unicizers	Manufacturing and selling of PLASTICIZERS and PA	US\$ 108,080 thousand	b.	\$ 2,139,461	\$ 344,950	\$ -	\$ 2,484,411	100	\$ (718,852)	\$ (718,852) b.2)	\$ 6,466,365	\$ -
Zhongshan Unicizers, Logical Path Ltd, Goldendust and Magic Props	Zhenjiang Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	US\$ 77,340 thousand	b.	543,823	-	-	543,823	100	(175,864)	(175,864) b.2)	4,452,886	-
Zhongshan Unicizers, Logical Path Ltd, Pure Fantasy and Goldendust	Zhuhai Unicizers	Manufacturing and selling of PLASTICIZERS, PA and MA	US\$ 35,500 thousand	b.	-	-	-	-	100	(583,949)	(583,949) b.2)	2,279,227	-
Charmon and Zhongshan Unicizers	Taizhou Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	US\$ 63,400 thousand	b.	466,785	-	-	466,785	100	21,756	21,756 b.2)	2,581,974	-
Modern Vantage	Taizhou Union Logistics	Warehousing and storage services	US\$ 23,700 thousand	b.	648,157	-	-	648,157	100	96,296	96,296 b.2)	804,134	-
Natural and Daywinn	Taizhou Union Plastics	Manufacturing and selling of PVC	US\$ 168,780 thousand	b.	3,068,081	-	-	3,068,081	100	(222,739)	(222,739) b.2)	5,644,451	-
Linkhope	Jiangsu Union Logistics	Logistics	US\$ 3,000 thousand	b.	88,755	-	-	88,755	100	12,805	12,805 b.2)	259,245	-
Reachworld	Guangdong Union Logistics	Logistics	US\$ 3,000 thousand	b.	87,960	-	-	87,960	100	10,151	10,151 b.2)	195,664	-
Dragonoble and Zhongshan Unicizers	Panjin Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	US\$ 105,000 thousand	b.	1,435,059	59,462	-	1,494,521	100	(445,158)	(445,158) b.2)	1,461,862	-
Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	Real Estate Management	RMB 60,000 thousand	c.	-	-	-	-	100	(3,925)	(3,925) b.2)	235,814	-
Pagerise	Panjin Union Logistics	Warehousing and storage services	US\$ 32,000 thousand	b.	965,857	-	-	965,857	100	14,234	14,234 b.2)	1,023,628	-
Greaterise	Panjin Union Materials	Manufacturing and selling of MA and related derivatives	US\$ 49,000 thousand	b.	1,297,157	205,030	-	1,502,187	100	(180,122)	(180,122) b.2)	1,470,501	-
Granfaith and Zhongshan Unicizers	Nanchong Unicizers	Manufacturing and selling of PLASTICIZERS and PA	US\$ 62,000 thousand	b.	922,434	-	-	922,434	100	(222,933)	(222,933) b.2)	733,601	-

(Continued)

Investor Company	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	Percentage of Ownership (%)	Net Income (Loss) of the Investee Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
						Outflow	Inflow						
Faithouse	Sichung Logistics	Logistics	US\$ 5,000 thousand	b.	\$ -	\$ -	\$ -	\$ -	100	\$ 1,957	\$ 1,957 b.2)	\$ 159,907	\$ -
Taizhou Union Plastics	Panjin Union Plastics	Manufacturing and selling of VCM	RMB 4,000 thousand	c.	-	-	-	-	100	129	129 b.2)	17,771	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Amount of Investment Stipulated by the Investment Commission, MOEA
\$12,272,971 (Note 3)	\$15,208,453 (US\$495,228.04 thousand) (Note 4)	(Note 5)

Note 1. The investment types are as follows:

- a. Direct investment.
- b. Indirect investment in Mainland China through a subsidiary in a third region (refer to the table above for investor companies in the third region).
- c. Others-direct investment from Zhenjiang Union Chemical and Taizhou Union Plastics.

Note 2. In the column of investment income or loss as of December 31, 2022:

- a. If there is no investment income or loss yet resulting from preparation, please indicate.
- b. The basis of recognition of investment income or loss as follow:
 - 1) Financial statements that were audited by international accounting firms which are in a cooperation with R.O.C. accounting firm.
 - 2) Financial statements that were audited by the CPAs of the parent company in Taiwan.
 - 3) Others: Financial statements that were not audited.

Note 3. Excluded (1) the investment amount of \$934,394 thousand due to the remittance of funds from Taiwan outward to regions of Mainland China in the prior years, and the investor company liquidates after the end of operation; (2) Investment of \$3,502,208 thousand that is remittance of company - owned funds from the third region of Mainland China.

Note 4. The exchange rate on December 31, 2022 is US\$1=NT\$30.71. Capitalization of retained earnings is not included.

Note 5. As the Company has been qualified with operations headquarters certification issued by Industrial Development Bureau on September 13, 2021, the amount of investment in Mainland China is not limited.

(Concluded)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Sales transactions

Investee Company	Activities in the Third Area	Price and Payment Terms Comparison with Normal Transactions	Sales		Unrealized Gain on Sale	Ending Notes/Trade Receivable	
			Price	%		Balance	%
Zhenjiang Union Chemical	-	The terms of transaction are the same as general business practices	\$ 205,093	3.73	\$ -	\$ 11,493	2.20
Zhuhai Unicizers	-	"	213,893	3.89	-	28,256	5.41
Panjing Union Chemical	-	"	534,833	9.72	-	165,596	31.71
Taizhou Union Chemical	-	"	311,716	5.66	-	14,479	2.77

2. Purchase transactions

Investee Company	Activities in the Third Area	Price and Payment Terms Comparison with Normal Transactions	Purchases			Ending Notes/Trade Payable	
			Price	%		Balance	%
Zhenjiang Union Chemical	-	The terms of transaction are the same as general business practices	\$ 177,293	4.12		\$ 14,313	4.08
Zhuhai Unicizers	-	"	222,732	5.18		20,981	5.98
Panjing Union Chemical	-	"	186,753	4.34		-	-
Zhongshan Unicizers	-	"	117,630	2.74		15,513	4.42

3. Transactions of endorsements/guarantees (refer to Note 34 and Table 2)

TABLE 11**UPC TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lien Hwa Industrial Holdings Corp.	424,880,973	31.35
Synnex Technology International Corporation	68,992,033	5.09

Note 1: The information of major shareholders presented in this table is provided 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 (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: Percentage of Ownership (%) = Number of shares owned/Total number of shares that have been issued without physical registration.

Note 3: The total number of shares that have been issued without physical registration (including treasury shares) is 1,355,206,607 shares.

Attachment 2: The audited financial statements of individual company for the recent fiscal year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
UPC Technology Corp.

Opinion

We have audited the accompanying financial statements of UPC Technology Corp. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is described as follows:

Recognition of Operating Revenue

The Company's main revenue came from the sales of plasticizers. Considering that the recognition of such revenue had a significant impact on the financial statements, the authenticity of sales revenue from customers with substantial growth and amount was identified as a key audit matter for the current year. In response to the aforementioned key audit matter, we performed audit procedures as follows: We assessed the related internal controls, checked the transaction records and supporting documents to ensure the occurrence of the transactions and confirmed that the recognition of revenue was in compliance with IFRS. For the accounting policies on revenue recognition, please refer to Note 4 (I) of the financial statements.

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

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

In preparing the 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, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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 financial statements.

As part of an audit in accordance with the Standards on Auditing 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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 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 audits resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

Notice to Readers

The accompanying financial statements are intended only 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

UPC TECHNOLOGY CORP.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 157,711	1	\$ 307,883	1
Notes receivable (Note 8)	23,042	-	32,014	-
Trade receivables (Notes 8 and 27)	499,123	1	633,669	1
Other receivables (Note 27)	3,704	-	10,549	-
Current tax assets (Note 22)	7,857	-	7,835	-
Inventories (Note 9)	1,217,916	3	1,587,220	4
Other current assets (Note 13)	73,027	-	93,058	-
Total current assets	1,982,380	5	2,672,228	6
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	10,223,220	24	12,052,314	26
Investments accounted for using the equity method (Note 10)	28,178,718	66	29,108,413	63
Property, plant and equipment (Note 11)	2,099,488	5	2,018,255	5
Right-of-use assets (Note 12)	11,812	-	19,593	-
Deferred income tax assets (Note 22)	79,330	-	97,840	-
Other non-current assets (Notes 13 and 27)	53,423	-	68,021	-
Total non-current assets	40,645,991	95	43,364,436	94
TOTAL	\$ 42,628,371	100	\$ 46,036,664	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 16)	\$ 1,000	-	\$ -	-
Trade payables (Notes 16 and 27)	350,897	1	706,766	2
Other payables (Note 17)	158,330	1	174,759	-
Current tax liabilities (Note 22)	49,791	-	32,000	-
Lease liabilities (Notes 12 and 27)	10,570	-	10,514	-
Current portion of long-term liabilities (Notes 14 and 15)	5,995,566	14	300,000	1
Other current liabilities (Note 17)	49,781	-	21,690	-
Total current liabilities	6,615,935	16	1,245,729	3
NON-CURRENT LIABILITIES				
Bonds payable (Note 15)	2,995,345	7	5,991,133	13
Long-term borrowings (Note 14)	6,430,000	15	8,400,000	18
Provisions (Note 18)	12,349	-	10,363	-
Deferred tax liabilities (Note 22)	217,298	-	217,308	-
Lease liabilities (Notes 12 and 27)	1,569	-	9,508	-
Net defined benefit liabilities (Note 19)	235,890	1	252,480	1
Guarantee deposits received (Note 27)	13,783	-	13,406	-
Total non-current liabilities	9,906,234	23	14,894,198	32
Total liabilities	16,522,169	39	16,139,927	35
EQUITY (Note 20)				
Share capital				
Ordinary shares	13,547,626	32	13,471,206	29
Capital collected in advance	4,288	-	6,559	-
Total share capital	13,551,914	32	13,477,765	29
Capital surplus	1,387,955	3	1,388,431	3
Retained earnings				
Legal reserve	2,838,651	7	2,581,282	5
Special reserve	341,773	1	341,773	1
Unappropriated earnings	2,202,427	5	4,914,231	11
Total retained earnings	5,382,851	13	7,837,286	17
Other equity	6,222,423	14	7,632,196	17
Treasury shares	(438,941)	(1)	(438,941)	(1)
Total equity	26,106,202	61	29,896,737	65
TOTAL	\$ 42,628,371	100	\$ 46,036,664	100

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

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except (Losses) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
SALES (Note 27)	\$ 5,503,668	100	\$ 5,686,456	100
COST OF GOODS SOLD (Notes 9, 21 and 27)	<u>5,268,653</u>	<u>96</u>	<u>5,254,978</u>	<u>92</u>
GROSS PROFIT	<u>235,015</u>	<u>4</u>	<u>431,478</u>	<u>8</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	175,835	3	158,930	3
General and administrative expenses	236,589	4	275,868	5
Expected credit (gain) loss	<u>(2,991)</u>	<u>-</u>	<u>295</u>	<u>-</u>
Total operating expenses	<u>409,433</u>	<u>7</u>	<u>435,093</u>	<u>8</u>
LOSS FROM OPERATIONS	<u>(174,418)</u>	<u>(3)</u>	<u>(3,615)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries accounted for using the equity method	(1,612,488)	(29)	2,084,292	37
Interest income (Note 21)	299	-	25	-
Other income (Notes 21 and 27)	795,175	14	473,635	8
Other gains and losses (Note 21)	(17,621)	-	(252,822)	(5)
Finance costs (Note 21)	<u>(171,532)</u>	<u>(3)</u>	<u>(126,285)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(1,006,167)</u>	<u>(18)</u>	<u>2,178,845</u>	<u>38</u>
(LOSS) PROFIT BEFORE INCOME TAX	(1,180,585)	(21)	2,175,230	38
INCOME TAX EXPENSE (Note 22)	<u>55,639</u>	<u>1</u>	<u>27,768</u>	<u>-</u>
NET (LOSS) PROFIT	<u>(1,236,224)</u>	<u>(22)</u>	<u>2,147,462</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	18,729	-	(24,602)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(1,829,094)	(33)	3,723,068	65

(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except (Losses) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Share of other comprehensive (loss) income of subsidiaries accounted for using the equity method	\$ (253,666)	(5)	\$ 444,009	8
Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,750)	-	4,920	-
	<u>(2,067,781)</u>	<u>(38)</u>	<u>4,147,395</u>	<u>73</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	762,218	14	(259,585)	(5)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	1,250	-	(518)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(11,840)	-	3,130	-
	<u>751,628</u>	<u>14</u>	<u>(256,973)</u>	<u>(5)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,316,153)</u>	<u>(24)</u>	<u>3,890,422</u>	<u>68</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (2,552,377)</u>	<u>(46)</u>	<u>\$ 6,037,884</u>	<u>106</u>
(LOSSES) EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ (0.94)</u>		<u>\$ 1.66</u>	
Diluted			<u>\$ 1.62</u>	

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

(Concluded)

UPC TECHNOLOGY CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital				Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Capital Collected in Advance	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
BALANCE AT JANUARY 1, 2021	\$ 13,323,476	\$ -	\$ 13,323,476	\$ 1,361,372	\$ 2,339,154	\$ 341,773	\$ 3,875,019	\$ 6,555,946	\$ (896,268)	\$ 5,064,268	\$ 4,168,000	\$ (454,093)	\$ 24,954,701
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	242,128	-	(242,128)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,292,348)	(1,292,348)	-	-	-	-	(1,292,348)
Dividends from claims extinguished by prescription	-	-	-	585	-	-	-	-	-	-	-	-	585
Net profit in 2021	-	-	-	-	-	-	2,147,462	2,147,462	-	-	-	-	2,147,462
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	(19,682)	(19,682)	(256,973)	4,167,077	3,910,104	-	3,890,422
Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,127,780	2,127,780	(256,973)	4,167,077	3,910,104	-	6,037,884
Issue of ordinary shares under employee share options	147,730	6,559	154,289	(16,250)	-	-	-	-	-	-	-	-	138,039
Treasury shares transferred to employees	-	-	-	(2,721)	-	-	-	-	-	-	-	15,152	12,431
Share-based payment transaction - employees share option plan	-	-	-	45,445	-	-	-	-	-	-	-	-	45,445
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	445,908	445,908	-	(445,908)	(445,908)	-	-
BALANCE AT DECEMBER 31, 2021	13,471,206	6,559	13,477,765	1,388,431	2,581,282	341,773	4,914,231	7,837,286	(1,153,241)	8,785,437	7,632,196	(438,941)	29,896,737
Appropriation of 2021 earnings													
Legal reserve	-	-	-	-	257,369	-	(257,369)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,311,831)	(1,311,831)	-	-	-	-	(1,311,831)
Dividends from claims extinguished by prescription	-	-	-	296	-	-	-	-	-	-	-	-	296
Net loss in 2022	-	-	-	-	-	-	(1,236,224)	(1,236,224)	-	-	-	-	(1,236,224)
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	14,979	14,979	751,628	(2,082,760)	(1,331,132)	-	(1,316,153)
Total comprehensive (loss) income in 2022	-	-	-	-	-	-	(1,221,245)	(1,221,245)	751,628	(2,082,760)	(1,331,132)	-	(2,552,377)
Issue of ordinary shares under employee share options	76,420	(6,559)	69,861	(10,114)	-	-	-	-	-	-	-	-	59,747
Advance share payments for issuing of ordinary shares under employee share options	-	4,288	4,288	-	-	-	-	-	-	-	-	-	4,288
Share-based payment transaction - employees share option plan	-	-	-	9,342	-	-	-	-	-	-	-	-	9,342
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	78,641	78,641	-	(78,641)	(78,641)	-	-
BALANCE AT DECEMBER 31, 2022	<u>\$ 13,547,626</u>	<u>\$ 4,288</u>	<u>\$ 13,551,914</u>	<u>\$ 1,387,955</u>	<u>\$ 2,838,651</u>	<u>\$ 341,773</u>	<u>\$ 2,202,427</u>	<u>\$ 5,382,851</u>	<u>\$ (401,613)</u>	<u>\$ 6,624,036</u>	<u>\$ 6,222,423</u>	<u>\$ (438,941)</u>	<u>\$ 26,106,202</u>

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

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (1,180,585)	\$ 2,175,230
Adjustments for:		
Depreciation expense	148,672	121,786
Amortization expense	27,569	28,596
Expected credit (gain) loss recognized on trade receivables	(2,991)	295
Finance costs	171,532	126,285
Interest income	(299)	(25)
Dividend income	(449,283)	(314,750)
Compensation costs of employee share-based payment	9,342	45,445
Share of profit or loss of subsidiaries accounted for using the equity method	1,612,488	(2,084,292)
(Gain) loss on disposal of property, plant and equipment	(494)	6,285
Write-down of inventories	4,581	2,495
Changes in operating assets and liabilities:		
Notes receivable	9,141	13,016
Trade receivables	137,664	(270,670)
Other receivables	6,845	(5,901)
Inventories	364,723	(770,544)
Other current assets	20,031	(59,231)
Notes payable	1,000	-
Trade payables	(355,869)	424,250
Other payables	(42,424)	(44,829)
Provisions	1,986	2,162
Other current liabilities	28,091	(11,127)
Net defined benefit liabilities	<u>2,139</u>	<u>1,083</u>
Cash generated from (used in) operations	513,859	(614,441)
Interest received	299	25
Income tax paid	<u>(34,960)</u>	<u>(17,700)</u>
Net cash generated from (used in) operating activities	<u>479,198</u>	<u>(632,116)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	5,311
Increase in investment for using the equity method	(2,448,280)	(277,898)
Proceeds from capital reduction of subsidiaries accounted for using the equity method	1,838,838	-
Purchase of property, plant and equipment	(226,654)	(267,228)
Proceeds from disposal of property, plant and equipment	1,156	350
Increase in refundable deposits	(1,492)	(4,824)
Decrease in refundable deposits	633	4,607
		(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Increase in other non-current assets	\$ (7,454)	\$ (31,723)
Dividends received	<u>885,734</u>	<u>602,145</u>
Net cash generated from investing activities	<u>42,481</u>	<u>30,740</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	2,994,908	-
Proceeds from long-term borrowings	35,690,500	39,209,000
Repayments of long-term borrowings	(37,960,500)	(37,159,000)
Increase in guarantee deposits received	405	26
Decrease in guarantee deposits received	(28)	(10)
Repayment of the principal portion of lease liabilities	(10,701)	(10,516)
Cash dividends paid	(1,311,831)	(1,292,348)
Proceeds from exercise of employee share options	64,035	138,039
Proceeds from treasury shares transferred to employees	-	12,431
Interest paid	<u>(138,639)</u>	<u>(121,266)</u>
Net cash (used in) generated from financing activities	<u>(671,851)</u>	<u>776,356</u>
NET (DECREASE) INCREASE IN CASH	(150,172)	174,980
CASH AT THE BEGINNING OF THE YEAR	<u>307,883</u>	<u>132,903</u>
CASH AT THE END OF THE YEAR	<u>\$ 157,711</u>	<u>\$ 307,883</u>

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

(Concluded)

UPC TECHNOLOGY CORP.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except as Stated Otherwise)

1. GENERAL

UPC Technology Corp. (the “Company”), incorporated in August 1976, mainly manufactures and sells petrochemical products such as phthalic anhydride and plasticizer. The Company’s shares have been listed on the Taiwan Stock Exchange since March 1989.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 6, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application 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 initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company assessed that the above standards and interpretations endorsed by the FSC did not have any material impact on the Company’s financial position and financial performance.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the related standards and interpretations above on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months; and
- 3) Cash and cash equivalents.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (i.e., 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. Exchange differences on monetary item arising from settlement or translation are recognized in profit or loss in the period 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 from 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 at historical cost in foreign currencies are not translated.

For the purpose of presenting the financial statements of the Company, the functional currencies of the Company's foreign operations are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of reporting period; income and expense items are translated at the average exchange rates for the period, except for, translated at the exchange rates the day of transaction when the exchange rate fluctuates widely. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of merchandise inventories, raw materials, supplies, finished goods, semi-finished goods and work in progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The Company recognized directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interest that in substance, from part of the Company's net investment in the subsidiary), the Company continues recognized its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful life, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Computer software

Computer software is initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, 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. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the computer software before the end of its economic life.

Computer software shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of computer software, which are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. 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.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

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

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivables, trade receivables, and other receivables at amortized cost, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

- ii. 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 as 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, it will be transferred to retained earnings.

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

- b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of petrochemical products. Sales of petrochemical products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. The Company recognizes revenue and trade receivables concurrently.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) 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.

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. A lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of the modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (even if the assets must take a long time to ready for their intended use or sale) 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.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans.

p. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the employees are informed.

q. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH

	December 31	
	2022	2021
Cash on hand	\$ 167	\$ 164
Checking accounts and demand deposits	<u>157,544</u>	<u>307,719</u>
	<u>\$ 157,711</u>	<u>\$ 307,883</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	December 31	
	2022	2021
Bank balance	0.01%-0.05%	0.01%-0.05%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - INVESTMENTS IN EQUITY INSTRUMENTS

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 10,121,586	\$ 11,958,668
Unlisted shares	<u>101,634</u>	<u>93,646</u>
	<u>\$ 10,223,220</u>	<u>\$ 12,052,314</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 23,161	\$ 32,302
Less: Allowance for impairment loss	<u>(119)</u>	<u>(288)</u>
	<u>\$ 23,042</u>	<u>\$ 32,014</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 501,221	\$ 638,589
Less: Allowance for impairment loss	<u>(2,098)</u>	<u>(4,920)</u>
	<u>\$ 499,123</u>	<u>\$ 633,669</u>

The average credit period of sales of goods was 30 days.

Before accepting any new customer, the Company used an internal credit scoring system to assess the potential customer's credit quality and defined credit limits. The credit limits and rating would be evaluated twice a year.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The provision for loss allowance base on the Company's different customer base.

The Company recognized 100% of the amount as allowance for impairment loss when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 1 year past due. For trade receivables that recognized 100% of the amount as allowance for impairment loss, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Credit Rating D	Credit Rating E	Notes Receivable	Total
Gross carrying amount	\$ 133,243	\$ 10,901	\$ -	\$ 52,575	\$ 304,502	\$ 23,161	\$ 524,382
Loss allowance (Lifetime ECL)	<u>(666)</u>	<u>(109)</u>	<u>-</u>	<u>(1,052)</u>	<u>(271)</u>	<u>(119)</u>	<u>(2,217)</u>
Amortized cost	<u>\$ 132,577</u>	<u>\$ 10,792</u>	<u>\$ -</u>	<u>\$ 51,523</u>	<u>\$ 304,231</u>	<u>\$ 23,042</u>	<u>\$ 522,165</u>

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Credit Rating D	Credit Rating E	Notes Receivable	Total
Gross carrying amount	\$ 184,739	\$ -	\$ -	\$ 82,981	\$ 370,869	\$ 32,302	\$ 670,891
Loss allowance (Lifetime ECL)	<u>(924)</u>	<u>-</u>	<u>-</u>	<u>(1,660)</u>	<u>(2,336)</u>	<u>(288)</u>	<u>(5,208)</u>
Amortized cost	<u>\$ 183,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,321</u>	<u>\$ 368,533</u>	<u>\$ 32,014</u>	<u>\$ 665,683</u>

The aging of receivables was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Not past due	\$ 524,382	\$ 670,887
Up to 30 days	<u>-</u>	<u>4</u>
	<u>\$ 524,382</u>	<u>\$ 670,891</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 4,920	\$ 4,342
Add: Net remeasurement of loss allowance	796	2,262
Less: Net remeasurement of loss allowance	<u>(3,618)</u>	<u>(1,684)</u>
Balance at December 31	<u>\$ 2,098</u>	<u>\$ 4,920</u>

The movements of the loss allowance of notes receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 288	\$ 571
Add: Net remeasurement of loss allowance	684	190
Less: Net remeasurement of loss allowance	<u>(853)</u>	<u>(473)</u>
Balance at December 31	<u>\$ 119</u>	<u>\$ 288</u>

9. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 437,756	\$ 577,800
Semi-finished goods	67,738	80,291
Work in progress	19,122	18,785
Raw materials	234,054	252,808
Supplies	28,714	30,819
Inventory in transit	<u>447,638</u>	<u>659,242</u>
	1,235,022	1,599,745
Less: Allowance for loss	<u>(17,106)</u>	<u>(12,525)</u>
	<u>\$ 1,217,916</u>	<u>\$ 1,587,220</u>

The cost of goods sold recognized by the Company is all related to inventories.

The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of \$4,581 thousand and \$2,495 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Subsidiaries	December 31	
	2022	2021
Unlisted company		
Constant Holding Ltd. (CHL)	\$ 23,743,079	\$ 25,895,473
Glory Ace	599,874	540,732
Union Venture Capital Corp. (UVC)	393,390	348,054
Wei Chen Investment Co. (WCI)	295,300	361,651
Taiwan Union International Investment Corporation (TUI)	1,385,027	1,962,503
UPC Chemicals (Malaysia)	<u>1,762,048</u>	<u>-</u>
	<u>\$ 28,178,718</u>	<u>\$ 29,108,413</u>

At the end of the reporting period, the proportion of ownership and voting rights on subsidiaries and associates held by the Company were as follows:

	December 31	
	2022	2021
CHL	100.00%	100.00%
Glory Ace	100.00%	100.00%
UVC	100.00%	100.00%
WCI	100.00%	100.00%
TUI	100.00%	100.00%
UPC Chemicals (Malaysia)	100.00%	-

Due to operational strategy and management considerations, the board of directors of the Group approved an organizational restructuring in November 2022, and its parent company acquired 100% of the equity interest of UPC Chemicals (Malaysia) from Prestige Spring, a subsidiary of CHL, for \$1,838,838 thousand, and then CHL, a subsidiary of the parent company, absorbed and merged 100% equity of Prestige Spring. After the merger, CHL would be the surviving company while Prestige Spring would be dissolved in the merger, and CHL conducted capital reduction and returned \$1,838,838 thousand to the parent company.

For the information of financial guarantees the Company provided to its directly or indirectly hold subsidiaries, please refer to Note 28 and Table 2.

The investments in subsidiaries accounted for using 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 was based on the subsidiaries' financial statements which have been audited for the same years.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Warehousing Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 1,126,898	\$ 747,760	\$ 1,222,834	\$ 599,592	\$ 812,082	\$ 10,754	\$ 4,519,920
Additions	-	-	-	-	20,838	242,828	263,666
Disposals	-	(21,521)	(162,309)	(70,547)	(78,228)	-	(332,605)
Reclassification	-	17,706	19,097	13,878	(5,456)	(45,225)	-
Balance at December 31, 2021	<u>\$ 1,126,898</u>	<u>\$ 743,945</u>	<u>\$ 1,079,622</u>	<u>\$ 542,923</u>	<u>\$ 749,236</u>	<u>\$ 208,357</u>	<u>\$ 4,450,981</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021		\$ 474,132	\$ 1,012,524	\$ 484,475	\$ 675,873		\$ 2,647,004
Disposals		(19,795)	(158,804)	(70,131)	(77,240)		(325,970)
Depreciation expense		15,751	40,557	21,803	33,581		111,692
Balance at December 31, 2021		<u>\$ 470,088</u>	<u>\$ 894,277</u>	<u>\$ 436,147</u>	<u>\$ 632,214</u>		<u>\$ 2,432,726</u>
Carrying amounts at December 31, 2021	<u>\$ 1,126,898</u>	<u>\$ 273,857</u>	<u>\$ 185,345</u>	<u>\$ 106,776</u>	<u>\$ 117,022</u>	<u>\$ 208,357</u>	<u>\$ 2,018,255</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 1,126,898	\$ 743,945	\$ 1,079,622	\$ 542,923	\$ 749,236	\$ 208,357	\$ 4,450,981
Additions	-	-	275	-	9,126	214,458	223,859
Disposals	-	(790)	(9,638)	(2,567)	(93,055)	-	(106,050)
Reclassification	-	95,122	93,984	134,997	70,834	(398,508)	(3,571)
Balance at December 31, 2022	<u>\$ 1,126,898</u>	<u>\$ 838,277</u>	<u>\$ 1,164,243</u>	<u>\$ 675,353</u>	<u>\$ 736,141</u>	<u>\$ 24,307</u>	<u>\$ 4,565,219</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022		\$ 470,088	\$ 894,277	\$ 436,147	\$ 632,214		\$ 2,432,726
Disposals		(597)	(9,548)	(2,564)	(92,679)		(105,388)
Depreciation expense		17,442	50,173	35,354	35,424		138,393
Balance at December 31, 2022		<u>\$ 486,933</u>	<u>\$ 934,902</u>	<u>\$ 468,937</u>	<u>\$ 574,959</u>		<u>\$ 2,465,731</u>
Carrying amounts at December 31, 2022	<u>\$ 1,126,898</u>	<u>\$ 351,344</u>	<u>\$ 229,341</u>	<u>\$ 206,416</u>	<u>\$ 161,182</u>	<u>\$ 24,307</u>	<u>\$ 2,099,488</u>

There was no indication of impairment for the years ended December 31, 2022 and 2021.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	50 years
Road construction	15-40 years
Others	3-50 years
Machinery and equipment	5-15 years
Warehousing equipment	5-15 years
Other equipment	3-20 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	<u>\$ 11,812</u>	<u>\$ 19,593</u>
	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 10,279</u>	<u>\$ 10,094</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 10,570</u>	<u>\$ 10,514</u>
Non-current	<u>\$ 1,569</u>	<u>\$ 9,508</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.80%	1.80%

c. Material leasing activities and terms

The Company leases buildings for the use of offices with lease terms of 2 to 5 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 17,673</u>	<u>\$ 11,665</u>
Total cash outflow for leases	<u>\$ 28,694</u>	<u>\$ 22,598</u>

The Company's leases of certain office equipment qualify as short-term leases and certain warehousing equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Prepayments to suppliers	\$ 9	\$ 187
Input VAT and excess business tax paid	26,048	52,230
Prepaid expense	<u>46,970</u>	<u>40,641</u>
	<u>\$ 73,027</u>	<u>\$ 93,058</u>
	December 31	
	2022	2021
<u>Non-current</u>		
Refundable deposits	\$ 27,148	\$ 26,290
Long-term prepaid expenses	21,568	41,682
Prepayment for equipment	<u>4,707</u>	<u>49</u>
	<u>\$ 53,423</u>	<u>\$ 68,021</u>

14. BORROWINGS

Long-term Borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Revolving credit loans	\$ 6,430,000	\$ 8,700,000
Less: Current portion	<u>-</u>	<u>(300,000)</u>
	<u>\$ 6,430,000</u>	<u>\$ 8,400,000</u>

The carrying amounts of long-term borrowings of the Company were as follows:

		Effective	December 31	
	Maturity Day	Interest Rate	2022	2021
Fixed interest rate loan				
Unsecured loans (NTD)	Used in revolving credit before June 2023	0.92%	\$ -	\$ 1,000,000
	Used in revolving credit before August 2024	2.00%/0.94%	310,000	770,000
	Used in revolving credit before April 2023	0.90%	-	700,000
	Used in revolving credit before October 2023	0.86%	-	630,000
	Used in revolving credit before October 2024	1.65%	300,000	-
	Used in revolving credit before October 2025	1.91%	300,000	-
	Used in revolving credit before December 2022	0.85%	-	300,000
	Used in revolving credit before June 2023	0.88%	-	760,000
	Used in revolving credit before June 2023	0.90%	-	240,000
	Used in revolving credit before June 2024	1.88%	100,000	-
	Used in revolving credit before June 2024	1.98%	40,000	-

(Continued)

	Maturity Day	Effective Interest Rate	December 31	
			2022	2021
	Used in revolving credit before December 2023	0.90%	\$ -	\$ 500,000
	Used in revolving credit before May 2023	0.83%	-	500,000
	Used in revolving credit before May 2024	1.77%	150,000	-
	Used in revolving credit before May 2024	1.77%	350,000	-
	Used in revolving credit before November 2023	0.96%	-	500,000
	Used in revolving credit before January 2024	0.89%	-	600,000
	Used in revolving credit before April 2024	1.00%	-	100,000
	Used in revolving credit before April 2025	2.07%	500,000	-
	Used in revolving credit before April 2025	1.95%	50,000	-
	Used in revolving credit before September 2024	2.00%/0.90%	730,000	800,000
	Used in revolving credit before March 2023	0.99%	-	900,000
	Total of fixed interest rate loan		<u>2,830,000</u>	<u>8,300,000</u>
Floating interest rate loan				
Unsecured loans (NTD)	Repaid once in December 2024	1.97%	500,000	-
	Repaid once in April 2024	1.80%	700,000	-
	Repaid once in June 2023	0.98%	-	400,000
	Repaid once in November 2025	1.52%	400,000	-
	Repaid once in May 2024	1.45%	1,500,000	-
	Repaid once in November 2023	1.89%	500,000	-
	Total of floating interest rate loan		<u>3,600,000</u>	<u>400,000</u>
Total of long-term borrowing			6,430,000	8,700,000
Less: Current portion			-	(300,000)
			<u>\$ 6,430,000</u>	<u>\$ 8,400,000</u>
				(Concluded)

15. BONDS PAYABLE

	December 31	
	2022	2021
Secured domestic bonds	\$ 9,000,000	\$ 6,000,000
Less: Discount of bonds	<u>(9,089)</u>	<u>(8,867)</u>
	8,990,911	5,991,133
Less: Current portion	<u>(5,995,566)</u>	<u>-</u>
	<u>\$ 2,995,345</u>	<u>\$ 5,991,133</u>

The major terms of the secured domestic bonds are as follows:

Issuance	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
2018-1	December 2018 to December 2023	\$ 6,000,000	0.95%	Bullet repayment; interest payable annually
2022-1	July 2022 to July 2027	3,000,000	1.80%	Bullet repayment; interest payable annually

16. NOTES PAYABLE AND TRADE PAYABLES

Trade payables of the Company were generated from operating activities. The average credit period on purchases was 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 55,977	\$ 58,222
Payables for freight	9,463	12,445
Payables for purchases of equipment	4,681	6,389
Interest payables	32,238	4,535
Payables for utilities	6,529	4,820
Payables for compensation of employees	-	32,000
Payables for compensation of directors	-	10,000
Others	<u>49,442</u>	<u>46,348</u>
	<u>\$ 158,330</u>	<u>\$ 174,759</u>
Other liabilities		
Contract liabilities	\$ 46,477	\$ 13,697
Others	<u>3,304</u>	<u>7,993</u>
	<u>\$ 49,781</u>	<u>\$ 21,690</u>

18. PROVISIONS

	December 31	
	2022	2021
<u>Non-current</u>		
Employee benefits	<u>\$ 12,349</u>	<u>\$ 10,363</u>

The provision for employee benefits is based on the Company's employee pension. The present value of the long-term employee benefit were carried out by qualified actuaries.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund 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 pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 535,373	\$ 565,598
Fair value of plan assets	<u>(299,483)</u>	<u>(313,118)</u>
Net defined benefit liabilities	<u>\$ 235,890</u>	<u>\$ 252,480</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 560,069</u>	<u>\$ (333,274)</u>	<u>\$ 226,795</u>
Current service cost	4,191	-	4,191
Net interest expense (income)	<u>2,100</u>	<u>(1,255)</u>	<u>845</u>
Recognized in profit or loss	<u>6,291</u>	<u>(1,255)</u>	<u>(5,036)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,022)	(5,022)
Actuarial loss - changes in demographic assumptions	12,876	-	12,876
Actuarial gain - changes in financial assumptions	(4,408)	-	(4,408)
Actuarial loss - experience adjustments	<u>21,156</u>	<u>-</u>	<u>21,156</u>
Recognized in other comprehensive income	<u>29,624</u>	<u>(5,022)</u>	<u>24,602</u>
Contributions from the employer	-	(2,801)	(2,801)
Benefits paid	<u>(30,386)</u>	<u>29,234</u>	<u>(1,152)</u>
Balance at December 31, 2021	<u>\$ 565,598</u>	<u>\$ (313,118)</u>	<u>\$ 252,480</u>
Balance at January 1, 2022	<u>\$ 565,598</u>	<u>\$ (313,118)</u>	<u>\$ 252,480</u>
Current service cost	3,612	-	3,612
Net interest expense (income)	<u>2,828</u>	<u>(1,573)</u>	<u>1,255</u>
Recognized in profit or loss	<u>6,440</u>	<u>(1,573)</u>	<u>4,867</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,326)	(26,326)
Actuarial gain - changes in financial assumptions	(4,539)	-	(4,539)
Actuarial loss - experience adjustments	<u>12,137</u>	<u>-</u>	<u>12,137</u>
Recognized in other comprehensive income	<u>7,598</u>	<u>(26,326)</u>	<u>(18,728)</u>
Contributions from the employer	-	(2,729)	(2,729)
Benefits paid	<u>(44,263)</u>	<u>44,263</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 535,373</u>	<u>\$ (299,483)</u>	<u>\$ 235,890</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate 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 plans' debt investments.
- 3) 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.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.125%	0.500%
Expected rate of salary increase	3.000%	2.500%

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (7,863)</u>	<u>\$ (8,837)</u>
0.25% decrease	<u>\$ 8,066</u>	<u>\$ 9,074</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 7,789</u>	<u>\$ 8,749</u>
0.25% decrease	<u>\$ (7,634)</u>	<u>\$ (8,567)</u>

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	<u>\$ 2,697</u>	<u>\$ 2,803</u>
Average duration of the defined benefit obligation	6.3 years	6.8 years

20. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	2,000,000	2,000,000
Shares authorized	\$ 20,000,000	\$ 20,000,000
Number of shares issued and fully paid (in thousands)	1,354,763	1,347,121
Shares issued	\$ 13,547,626	\$ 13,471,206
Capital collected in advance	\$ 4,288	\$ 6,559

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

A total of 100,000 thousand shares of the Company's authorized shares was reserved for the issuance of employee share options; the remaining unissued shares will be issued by the board of directors in future installments as needed, and some of them will be designated as preference shares.

The change in the Company's share capital was mainly due to the exercise of employee share options. The capital collected in advance was the advance share payment received by employees for executing share options.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 783,836	\$ 793,949
Donations	21,898	21,898
Employee share options exercised and expired	327,162	310,742
Treasury share transactions	219,189	219,189
<u>May only be used to offset a deficit</u>		
Unclaimed dividends	881	585
<u>May not be used for any purpose</u>		
Employee share options	34,989	42,068
	<u>\$ 1,387,955</u>	<u>\$ 1,388,431</u>

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

c. Retained earnings and dividends policy

Under the dividends policy, where the Company made a 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 or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The issuance of share dividends shall be distributed after such proposal of profit distribution is resolved by the shareholders in the shareholders' meeting. The board of directors is authorized to adopt a special resolution to distribute dividends in cash, and such distribution shall be reported and submitted in the shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 21(g).

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

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 257,369	\$ 242,128
Cash dividends	\$ 1,311,831	\$ 1,292,348
Cash dividends per share (NT\$)	\$ 1.00	\$ 1.00

The above appropriations for cash dividends were resolved by the Company's board of directors on March 8, 2022 and March 18, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 26, 2022 and July 21, 2021.

The appropriation of earnings for 2022 was resolved by the Company's board of directors on March 6, 2023. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ -
Cash dividends	\$ 263,583
Cash dividends per share (NT\$)	\$ 0.2

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 24, 2023.

d. Special reserve

On the first-time adoption of IFRS, the Company appropriated to special reserve the amount that was the same as the unrealized revaluation increment transferred to retained earnings, which was \$341,773 thousand.

The special reserve may be reversed on the disposal or reclassification of the related assets.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (1,153,241)	\$ (896,268)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	762,218	(259,585)
Related Income Tax	(11,840)	3,130
Share from subsidiaries accounted for using the equity method	<u>1,250</u>	<u>(518)</u>
Balance at December 31	<u>\$ (401,613)</u>	<u>\$ (1,153,241)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 8,785,437	\$ 5,064,268
Recognized for the year		
Unrealized gain - equity instruments	(1,829,094)	3,723,068
Share from subsidiaries accounted for using the equity method	(253,666)	444,009
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	<u>(78,641)</u>	<u>(445,908)</u>
Balance at December 31	<u>\$ 6,624,036</u>	<u>\$ 8,785,437</u>

f. Treasury shares

	Purpose of Buy-back Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	40,000
Decrease during the year	<u>(1,335)</u>
Number of shares at December 31, 2021	<u>38,665</u>
Number of shares at January 1, 2022	38,665
Increase during the year	<u>-</u>
Number of shares at December 31, 2022	<u>38,665</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

21. NET (LOSS) PROFIT

Information about net (loss) profit is as follows:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ <u>299</u>	\$ <u>25</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Operating lease rental income	\$ 79,008	\$ 78,737
Dividends	449,283	314,750
Commission income	7	85
Indemnity income (Note 29)	266,785	80,063
Others	<u>92</u>	<u>-</u>
	<u>\$ 795,175</u>	<u>\$ 473,635</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 41,447	\$ (1,435)
Gains (losses) on disposal of property, plant and equipment	494	(6,285)
Bank charges (including bonds)	(40,961)	(34,927)
Others	<u>(18,601)</u>	<u>(210,175)</u>
	<u>\$ (17,621)</u>	<u>\$ (252,822)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans (including bonds)	\$ 171,212	\$ 125,868
Interest on lease liabilities	<u>320</u>	<u>417</u>
	<u>\$ 171,532</u>	<u>\$ 126,285</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 138,393	\$ 111,692
Right-of-use assets	10,279	10,094
Long-term prepaid expenses	<u>27,569</u>	<u>28,596</u>
	<u>\$ 176,241</u>	<u>\$ 150,382</u>
An analysis of depreciation by function		
Cost of goods sold	\$ 125,686	\$ 97,662
Operating expenses	15,397	15,987
Other losses	<u>7,589</u>	<u>8,137</u>
	<u>\$ 148,672</u>	<u>\$ 121,786</u>
An analysis of amortization by function		
Cost of goods sold	\$ 20,708	\$ 22,553
Operating expenses	<u>6,861</u>	<u>6,043</u>
	<u>\$ 27,569</u>	<u>\$ 28,596</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	<u>\$ 314,008</u>	<u>\$ 342,380</u>
Post-employment benefits (Note 19)		
Defined contribution plans	8,962	8,539
Defined benefit plans	<u>4,867</u>	<u>5,036</u>
Total post-employment benefits	<u>13,829</u>	<u>13,575</u>
Share-based payments		
Equity-settled	9,342	45,445
Other employee benefits	<u>15,991</u>	<u>17,018</u>
Total employee benefits expense	<u>\$ 353,170</u>	<u>\$ 418,418</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 174,753	\$ 205,293
Operating expenses	<u>178,417</u>	<u>213,125</u>
	<u>\$ 353,170</u>	<u>\$ 418,418</u>

For the Year Ended December 31						
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary expense	\$ 143,831	\$ 148,372	\$ 292,203	\$ 174,221	\$ 176,221	\$ 350,442
Labor and health insurance expense	13,323	11,228	24,551	13,231	11,912	25,143
Pension expense - defined contribution plans	4,584	4,378	8,962	4,445	4,094	8,539
Pension expense - defined benefit plans	2,482	2,385	4,867	2,417	2,619	5,036
Remuneration of directors	-	6,596	6,596	-	12,240	12,240
Other employee benefits	<u>10,533</u>	<u>5,458</u>	<u>15,991</u>	<u>10,979</u>	<u>6,039</u>	<u>17,018</u>
Total employee benefits expense	<u>\$ 174,753</u>	<u>\$ 178,417</u>	<u>\$ 353,170</u>	<u>\$ 205,293</u>	<u>\$ 213,125</u>	<u>\$ 418,418</u>

- 1) As of December 31, 2022 and 2021, the Company had 230 and 234 employees, respectively, which included 7 non-employee directors for both years. The basis of calculation for headcount was the same as the basis of calculation for employee benefits expense.
- 2) Average employee benefits expense for the years ended December 31, 2022 and 2021 were \$1,554 thousand and \$1,789 thousand, respectively. Average salary expenses for the years ended December 31, 2022 and 2021 were \$1,310 thousand and \$1,544 thousand, respectively. Average salary expenses decreased by 15% year-on-year.
- 3) The Company's compensation policy is determined by considering the operating performance and future development of the current year. The remuneration of directors, managers and employees is described as follows:

Directors

- a) According to Article 28 of the Company's Articles and related regulations, the remuneration of directors is distributed after approval by the compensation committee and the board of directors.
- b) According to Article 18 of the Company's Articles, the Company can pay directors regardless of profit or loss up to the limit prescribed by law and the Company's Articles. The amount and the method of distribution are determined by the extent and value of the services provided for the management of the Company, and is submitted to and reviewed by the compensation committee before distribution.
- c) The performance of the directors and the reasonableness of the overall compensation program are evaluated based on the Company's operating results and related regulations. Such proposal shall first be submitted to the compensation committee for review before it is delivered to the board of directors for resolution.

Managers

- a) The remuneration of managers paid by the Company, which includes the salary, bonuses or profit sharing, etc., is distributed in accordance with the charter of the compensation committee and related regulations on the remuneration of managers.
- b) The performance of managers and the reasonableness of overall compensation program are evaluated based on the Company's operating results and related regulations. Such proposal shall first be submitted to the compensation committee for review before it is delivered to the board of directors for resolution.

Staff

- a) To ensure fairness and meet the market levels of salaries and bonuses, the Company adjusts salaries or distributes related bonuses in accordance with the consumer price index, external competitors, annual operating results and employees' performance.
 - b) The Company also established work rules and regulations for performance evaluation as a reference to the compensation policies.
- g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit less accumulated deficit. As it was net loss for the year ended December 31, 2022, the Company did not estimate the employees' compensation and the remuneration of directors for the year.

The compensation of employees and the remuneration of directors for the year ended December 31, 2021, which were approved by the Company's board of directors on March 8, 2022 is as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	1.44%
Remuneration of directors	0.45%

Amount

	For the Year Ended December 31, 2021
	Cash
Compensation of employees	<u>\$ 32,000</u>
Remuneration of directors	<u>\$ 10,000</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 68,727	\$ 21,729
Foreign exchange losses	<u>(27,280)</u>	<u>(23,164)</u>
	<u>\$ 41,447</u>	<u>\$ (1,435)</u>

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 50,224	\$ -
Income tax on unappropriated earnings	-	32,000
Adjustments for prior year	<u>2,505</u>	<u>2,418</u>
	52,729	34,418
Deferred tax		
In respect of the current year	<u>2,910</u>	<u>(6,650)</u>
Income tax expense recognized in profit or loss	<u>\$ 55,639</u>	<u>\$ 27,768</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
(Loss) profit before tax	<u>\$ (1,180,585)</u>	<u>\$ 2,175,230</u>
Income tax (benefit) expense calculated at the statutory rate	\$ (236,117)	\$ 435,046
Permanent differences	432,468	(378,746)
Tax-exempt income	(143,217)	(62,950)
Tax on unappropriated earnings	-	32,000
Adjustments for prior years' tax	<u>2,505</u>	<u>2,418</u>
Income tax expense recognized in profit or loss	<u>\$ 55,639</u>	<u>\$ 27,768</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred income tax expense (benefit)</u>		
In respect of the current period		
Translation of foreign operations	\$ 11,840	\$ (3,130)
Remeasurement of defined benefit plans	<u>3,750</u>	<u>(4,920)</u>
	<u>15,590</u>	<u>(8,050)</u>
 Total income tax recognized in other comprehensive income	 <u>\$ 15,590</u>	 <u>\$ (8,050)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ 7,857</u>	<u>\$ 7,835</u>
Current tax liabilities		
Income tax payable	<u>\$ 49,791</u>	<u>\$ 32,000</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for write-down of inventories	\$ 2,500	\$ 920	\$ -	\$ 3,420
Defined benefit obligations	50,490	4,180	(3,750)	50,920
Exchange differences on translating the financial statements of foreign operations	34,660	-	(11,840)	22,820
Others	<u>10,190</u>	<u>(8,020)</u>	<u>-</u>	<u>2,170</u>
	<u>\$ 97,840</u>	<u>\$ (2,920)</u>	<u>\$ (15,590)</u>	<u>\$ 79,330</u>
 <u>Deferred tax liabilities</u>				
Temporary differences				
Investment income abroad	\$ 117,480	\$ (10)	\$ -	\$ 117,470
Land revaluation incremental tax	<u>99,828</u>	<u>-</u>	<u>-</u>	<u>99,828</u>
	<u>\$ 217,308</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 217,298</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for write-down of inventories	\$ 2,010	\$ 490	\$ -	\$ 2,500
Allowance for impairment loss	170	(170)	-	-
Defined benefit obligations	45,350	220	4,920	50,490
Exchange differences on translating the financial statements of foreign operations	31,530	-	3,130	34,660
Others	<u>4,090</u>	<u>6,100</u>	<u>-</u>	<u>10,190</u>
	<u>\$ 83,150</u>	<u>\$ 6,640</u>	<u>\$ 8,050</u>	<u>\$ 97,840</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income abroad	\$ 117,490	\$ (10)	\$ -	\$ 117,480
Land revaluation incremental tax	<u>99,828</u>	<u>-</u>	<u>-</u>	<u>99,828</u>
	<u>\$ 217,318</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 217,308</u>

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,140,000 thousand and \$2,480,000 thousand, respectively.

- f. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

23. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic (loss) earnings per share	<u>\$ (0.94)</u>	<u>\$ 1.66</u>
Diluted earnings per share		<u>\$ 1.62</u>

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share are as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2022	2021
(Loss) earnings used in the computation of basic and diluted earnings per share	<u>\$ (1,236,224)</u>	<u>\$ 2,147,262</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	<u>1,313,101</u>	1,297,478
Effect of potentially dilutive ordinary shares		
Employee share options		24,829
Compensation of employees		<u>1,858</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share		<u>1,324,165</u>

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be 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 by the Company's board of directors in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company - employee share options

Qualified employees of the Company and its subsidiaries were granted 40,000 options on August 15, 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at 50%, 75% or 100%, respectively, after the second, third or fourth anniversary year from the grant date.

Information on employee share options is as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	24,396	\$ 8.9	40,000	\$ 9.4
Options exercised	(7,409)	8.6	(15,510)	8.9
Options expired	<u>(462)</u>	8.5	<u>(94)</u>	8.9
Balance at December 31	<u>16,525</u>	8.5	<u>24,396</u>	8.9
Options exercisable, end of the year	<u>7,034</u>	8.5	<u>4,443</u>	8.9

Options granted in August 2019 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2019
Grant-date share price	\$9.90
Exercise price (Note)	\$9.90
Expected volatility	26.01%, 25.67% and 25.03%
Expected life (in years)	4, 4.5 and 5 years
Expected dividend yield	-
Risk-free interest rate	0.52%, 0.53% and 0.54%

The fair value of employee share options, which were granted on August 15, 2019, was calculated based on their vesting period that starts from the second, third and fourth year from the grant date. Compensation costs recognized were \$9,342 thousand and \$26,141 thousand for the years ended December 31, 2022 and 2021, respectively.

Note: The exercise price will be adjusted according to the aforementioned employee share option plan.

b. Employee share option plan of the Company - transferred treasury shares

Employees of the Company were transferred 1,335 thousand shares in on September 8, 2021 according to the treasury share transfer regulation of the Company by \$9.34. The total compensation cost recognized was \$19,304 thousand.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. There will be no significant change in the overall strategy of the Company in the short term.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends, and the amount of new debt issued or existing debt redeemed.

The review of the capital structure is based on the information of consolidated financial statements, please refer to the consolidated financial statements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds payable	\$ 8,990,911	\$ -	\$ 9,012,414	\$ -	\$ 9,012,414

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds payable	\$ 5,991,133	\$ -	\$ 6,025,200	\$ -	\$ 6,025,200

Apart from the mentioned above, the management considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximated their fair values or were unmeasurable.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 10,121,586	\$ -	\$ -	\$ 10,121,586
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>101,634</u>	<u>101,634</u>
	<u>\$ 10,121,586</u>	<u>\$ -</u>	<u>\$ 101,634</u>	<u>\$ 10,223,220</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 11,958,668	\$ -	\$ -	\$ 11,958,668
Domestic unlisted shares	-	-	93,646	93,646
	<u>\$ 11,958,668</u>	<u>\$ -</u>	<u>\$ 93,646</u>	<u>\$ 12,052,314</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 93,646
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>7,988</u>
Balance at December 31, 2022	<u>\$ 101,634</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 106,443
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>(12,797)</u>
Balance at December 31, 2021	<u>\$ 93,646</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Financial liabilities - domestic corporate bonds payable	The fair value is calculated using a volume-weighted average price on the TPEx at the end of the reporting period.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the asset approach. The approach is mainly utilized to evaluate venture capital firms. In this approach, the net asset value is taken into account. The market approach is used for determining the fair values of other securities, in which the fair value of the target securities is determined based on the market transaction price and market conditions of the listed equity securities of other similar companies.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 710,728	\$ 1,010,405
Equity instruments at FVTOCI	10,223,220	12,052,314
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	15,944,921	15,586,064

- 1) The balances included financial assets measured at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise notes payable, trade payables, other payables, bonds issued, current portion of long-term liabilities, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, receivables, payables, and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. Approximately 45% of the Company's sales is denominated in currencies other than the functional currency, whilst almost 90% of costs is denominated in currencies other than the functional currency of the Company.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 32.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 3% increase and decrease in New Taiwan dollars against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the year for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit (loss) associated with the New Taiwan dollar strengthening 3% against the USD. For a 3% weakening of the New Taiwan dollar against the USD, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 5,158	\$ 6,068

This was mainly attributable to the exposure on outstanding receivables and payables denominated in USD.

The Company's sensitivity to foreign currency decreased for the year ended December 31, 2022 mainly due to the decrease in the amount of net foreign currency liabilities.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial liabilities	\$ 11,833,050	\$ 14,311,155
Cash flow interest rate risk		
Financial liabilities	3,600,000	400,000

The Company is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and bonds payable. The Company aims to keep borrowings at floating rates to minimize fair value interest rate risk.

The Company is also exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. It is the Company's policy to keep its borrowings at floating interest rates so as to minimize the fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$18,000 thousand and \$2,000 thousand, respectively.

The Company's sensitivity to interest rates increased for the year ended December 31, 2022 mainly due to the increase in the amount of variable-rate bank borrowings

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. The Company's equity price risk is mainly concentrated on strategic investments of domestic equity instruments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, post-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$511,161 thousand and \$602,616 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to equity prices decreased because the Company held less equity securities in the current period.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopts a policy of only dealing with creditworthy counterparties. Before accepting any new clients, the relevant departments perform credit evaluation and internal credit scoring, sales and administration departments assess the potential customers' credit quality and define credit limit for customers. Limits and scoring attributed to customers are reviewed twice a year.

Besides, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are recognized on irrecoverable amounts.

The Company transacts with a large number of customers. The Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the years ended December 31, 2022 and 2021.

The Company's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 44% and 40% of total trade receivables as of December 31, 2022 and 2021, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time and regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

	0-3 Months	3 Months to 1 Year	1-5 Years
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Non-interest bearing liabilities	\$ 510,226	\$ -	\$ -
Lease liabilities	2,675	8,026	1,585
Variable interest rate liabilities	-	500,000	3,100,000
Fixed interest rate liabilities	<u>-</u>	<u>6,000,000</u>	<u>5,830,000</u>
	<u>\$ 512,901</u>	<u>\$ 6,508,026</u>	<u>\$ 8,931,585</u>
<u>December 31, 2021</u>			
Non-derivative financial liabilities			
Non-interest bearing liabilities	\$ 881,525	\$ -	\$ -
Lease liabilities	2,357	7,072	11,013
Variable interest rate liabilities	-	-	400,000
Fixed interest rate liabilities	<u>-</u>	<u>300,000</u>	<u>14,000,000</u>
	<u>\$ 883,882</u>	<u>\$ 307,072</u>	<u>\$ 14,411,013</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities		
Amount used	\$ 6,430,000	\$ 8,700,000
Amount unused	<u>10,755,500</u>	<u>6,506,531</u>
	<u>\$ 17,185,500</u>	<u>\$ 15,206,531</u>

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Lien Hwa Industrial Holdings Corp. (LHIHC)	With the same chairman
Lien Hwa Property Development Corp. (LHPDC)	Subsidiary of LHIHC
Linde Lienhwa Industrial GASES Co., Ltd. (LLIG)	Associate of LHIHC
Asia Union Electronic Chemical Corp. (AUECC)	Associate of LLIG
Harbinger Venture Management Co., Ltd. (HVMC)	With the same chairman
Lienhwa United LPG Co., Ltd. (LPG)	The Company is its director
Zhongshan Unicizers	Subsidiary
Zhuhai Unicizers	Subsidiary
Taizhou Union Chemical	Subsidiary
Zhenjiang Union Chemical	Subsidiary
Panjin Union Chemical	Subsidiary
Nanchong Unicizers	Subsidiary
UPC Chemicals (Malaysia)	Subsidiary
UPCM Trading (Vietnam)	Subsidiary
Union Hong Kong	Subsidiary

b. Operating revenue

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Sales	Subsidiaries	<u>\$ 1,332,482</u>	<u>\$ 1,347,794</u>

c. Purchase of goods

	Related Party Category	For the Year Ended December 31	
		2022	2021
Subsidiaries		\$ 814,639	\$ 2,366,254
Associates of investors with significant influence over the Company		<u>13,425</u>	<u>12,193</u>
		<u>\$ 828,064</u>	<u>\$ 2,378,447</u>

- d. Lease arrangements - the Company is lessee

Line Item	Related Party Category/Name	December 31	
		2022	2021
Lease liabilities	LHPDC	\$ 12,139	\$ 20,022
		For the Year Ended December 31	
		2022	2021
<u>Interest expense</u>			
LHPDC		\$ 320	\$ 417

- e. Lease arrangements - the Company is lessor

Future lease payments receivable are as follows:

Related Party Category/Name	December 31	
	2022	2021
Associates of investors with significant influence over the Company		
AUECC	\$ 34,702	\$ 58,385
LPG	3,969	3,969
	<u>\$ 38,671</u>	<u>\$ 62,354</u>

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Associates of investors with significant influence over the Company		
AUECC	\$ 18,641	\$ 18,681
LPG	5,530	5,530
	<u>\$ 24,171</u>	<u>\$ 24,211</u>

- f. Service revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Other income	Associates of investors with significant influence over the Company	\$ 49	\$ 70
	Subsidiaries of investors with significant influence over the Company		
	LHPDC	546	516
		<u>\$ 595</u>	<u>\$ 586</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

g. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Subsidiaries	\$ 219,824	\$ 157,100

h. Other receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other receivables	Associates of investors with significant influence over the Company		
	LPG	\$ 1,547	\$ 1,427
	LLIG	540	535
	AUECC	-	1,848
	Subsidiaries	355	179
	Subsidiaries of investors with significant influence over the Company	75	46
		<u>\$ 2,517</u>	<u>\$ 4,035</u>

i. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other non-current assets	Subsidiaries of investors with significant influence over the Company		
	LHPDC	\$ 1,571	\$ 1,692

j. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Subsidiaries	\$ 50,807	\$ 122,254
	Associates of investors with significant influence over the Company	<u>1,375</u>	<u>1,185</u>
		<u>\$ 52,182</u>	<u>\$ 123,439</u>

k. Guarantee deposits received

Line Item	Related Party Category/Name	December 31	
		2022	2021
Guarantee deposits received	Associates of investors with significant influence over the Company		
	AUECC	\$ 3,685	\$ 3,315

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

I. Remuneration of key management personnel

The remuneration of directors and key executives was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 31,789	\$ 41,935
Post-employment benefits	461	463
Share-based payments	<u>1,498</u>	<u>3,808</u>
	<u>\$ 33,748</u>	<u>\$ 46,206</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2022 and 2021 were as follows:

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$14,816 thousand and \$114,930 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of raw materials, supplies and repair parts	<u>\$ 739,911</u>	<u>\$ 769,788</u>
Acquisition of property, plant and equipment	<u>\$ 39,235</u>	<u>\$ 78,069</u>

- c. As of December 31, 2022, the Company provided financial guarantee for subsidiaries to purchase raw materials or to obtain bank loan facilities. The amount of financial guarantee was as follows:
 - 1) Taizhou Union Plastics - US\$20,000 thousand.
 - 2) Nanchong Unicizer - RMB638,000 thousand.
 - 3) UPC Chemicals (Malaysia) - US\$50,000 thousand.
 - 4) Panjin Union Materials - RMB258,000 thousand.
 - 5) Panjin Union Chemical - RMB800,000 thousand.
 - 6) Union Hong Kong - US\$15,000 thousand and EUR7,281 thousand.

29. SIGNIFICANT LOSSES FROM DISASTERS

On January 29, 2021, a fire damaged the Company's production line of specialty plasticizers (specialty chemicals) in the Linyuan Plant. The accident caused property losses and caused disruption of the Group's operation in 2021. The insurance company paid the replacement cost for the total loss of the assets. After deducting the policy deductible, the final approved claim amount was \$346,785 thousand. The Group received an insurance claim prepayment amount of \$80,000 thousand in June 2021 (accounted for as other income in 2021), and the remaining claim settlement amount of \$266,785 thousand was recognized as indemnity income.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to save management costs and enhance the competitiveness of the Group, the board of directors resolved on March 6, 2023 to adjusted the holding structure as follows:

- a. The Company intends to merge Granfaith and Faithouse, the 100% indirectly owned BVI subsidiaries. Granfaith will be the surviving company while Faithouse will be dissolved in the merger.
- b. The Company originally held 100% of Nanchong Unicizers and Sichung Logistics indirectly through the above-mentioned subsidiaries. After the above-mentioned merger is completed, it will continue to process the merger of Nanchong Unicizers and Sichung Logistics. After the merger, Nanchong Unicizers will be the surviving company while Sichung Logistics will be dissolved in the merger.

31. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, the global economy and financial industry are still facing significant uncertainties. As of the date the consolidated financial statements were authorized for issue, the Company assessed that the pandemic did not have a material impact on its ability to continue as a going concern, nor did it have an impact on the impairment of assets or increase the risks arising from financing activities. The Company is continuously observing and assessing the impact of the pandemic on the aforementioned aspects.

32. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ <u>3,740</u>	30.71 (USD:NTD)	\$ <u>114,855</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ <u>850,049</u>	30.71 (USD:NTD)	\$ <u>26,105,001</u> (Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ <u>9,338</u>	30.71 (USD:NTD)	\$ <u>286,770</u> (Concluded)

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ <u>16,692</u>	27.68 (USD:NTD)	\$ <u>462,035</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ <u>955,063</u>	27.68 (USD:NTD)	\$ <u>26,436,205</u>

Financial liabilities

Monetary items			
USD	\$ <u>23,999</u>	27.68 (USD:NTD)	\$ <u>664,292</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
Foreign Currency				
USD	30.710 (USD:NTD)	\$ <u>41,447</u>	27.680 (USD:NTD)	\$ <u>(1,435)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)

- 5) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 6) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 7) Trading in derivative instruments (None)
 - 8) Information on investees (Table 7)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 9)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 9)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Note 28 and Table 2)
 - e) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds (None)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
 - g) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

TABLE 1

UPC TECHNOLOGY CORP.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	Receivable from related parties	Yes	\$ 1,366,914 (RMB 310,000 thousand)	\$ 1,102,350 (RMB 250,000 thousand)	\$ 730,417 (RMB 165,650 thousand)	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,217,661 (RMB 502,939 thousand) (Note 3)	\$ 4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Panjin Union Logistics	Receivable from related parties	Yes	485,034 (RMB 110,000 thousand)	242,517 (RMB 55,000 thousand)	198,423 (RMB 45,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Panjin Union Chemical	Receivable from related parties	Yes	1,499,196 (RMB 340,000 thousand)	793,692 (RMB 180,000 thousand)	573,222 (RMB 130,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Nanchong Unicizers	Receivable from related parties	Yes	529,128 (RMB 120,000 thousand)	264,564 (RMB 60,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Panjin Union Materials	Receivable from related parties	Yes	485,034 (RMB 110,000 thousand)	220,470 (RMB 50,000 thousand)	154,329 (RMB 35,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Taizhou Union Chemical	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	264,564 (RMB 60,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Zhuhai Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Zhongshan Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
		Taizhou Union Plastics	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,217,661 (RMB 502,939 thousand) (Note 3)	4,435,322 (RMB 1,005,879 thousand) (Note 4)
2	Glory Ace	Union Hong Kong	Receivable from related parties	Yes	598,845 (US\$ 19,500 thousand)	598,845 (US\$ 19,500 thousand)	598,845 (US\$ 19,500 thousand)	-	2	-	Operating capital	-	-	-	599,923 (US\$ 19,535 thousand) (Note 5)	599,923 (US\$ 19,535 thousand) (Note 6)
3	CHL	UPC Chemicals (Malaysia)	Receivable from related parties	Yes	506,715 (US\$ 16,500 thousand)	245,680 (US\$ 8,000 thousand)	-	-	2	-	Operating capital	-	-	-	12,704,842 (US\$ 413,704 thousand) (Note 7)	25,409,686 (US\$ 827,408 thousand) (Note 8)
		UPCM Trading (Thailand)	Receivable from related parties	Yes	92,130 (US\$ 3,000 thousand)	92,130 (US\$ 3,000 thousand)	46,065 (US\$ 1,500 thousand)	-	2	-	Operating capital	-	-	-	12,704,842 (US\$ 413,704 thousand) (Note 7)	25,409,686 (US\$ 827,408 thousand) (Note 8)
		Union Hong Kong	Receivable from related parties	Yes	307,100 (US\$ 10,000 thousand)	264,106 (US\$ 8,600 thousand)	264,106 (US\$ 8,600 thousand)	-	2	-	Operating capital	-	-	-	12,704,842 (US\$ 413,704 thousand) (Note 7)	25,409,686 (US\$ 827,408 thousand) (Note 8)

(Continued)

No. (Note 1)	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
4	Guangdong Union Logistics	Zhuhai Unicizers	Receivable from related parties	Yes	\$ 132,282 (RMB 30,000 thousand)	\$ 132,282 (RMB 30,000 thousand)	\$ 121,259 (RMB 27,500 thousand)	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 185,569 (RMB 42,085 thousand) (Note 9)	\$ 185,569 (RMB 42,085 thousand) (Note 10)
		Zhongshan Unicizers	Receivable from related parties	Yes	44,094 (RMB 10,000 thousand)	44,094 (RMB 10,000 thousand)	5,732 (RMB 1,300 thousand)	1.51%	2	-	Operating capital	-	-	-	185,569 (RMB 42,085 thousand) (Note 9)	185,569 (RMB 42,085 thousand) (Note 10)
5	Jiangsu Union Logistics	ZhengJiang Union Chemical	Receivable from related parties	Yes	242,517 (RMB 55,000 thousand)	-	-	1.51%	2	-	Operating capital,	-	-	-	246,511 (RMB 55,906 thousand) (Note 11)	246,511 (RMB 55,906 thousand) (Note 12)
		Panjin Union Chemical	Receivable from related parties	Yes	176,376 (RMB 40,000 thousand)	176,376 (RMB 40,000 thousand)	176,376 (RMB 40,000 thousand)	1.51%	2	-	Operating capital	-	-	-	246,511 (RMB 55,906 thousand) (Note 11)	246,511 (RMB 55,906 thousand) (Note 12)
		Panjin Union Materials	Receivable from related parties	Yes	44,094 (RMB 10,000 thousand)	44,094 (RMB 10,000 thousand)	30,866 (RMB 7,000 thousand)	1.51%	2	-	Operating capital	-	-	-	246,511 (RMB 55,906 thousand) (Note 11)	246,511 (RMB 55,906 thousand) (Note 12)
6	Taizhou Union Plastics	Nanchong Unicizers	Receivable from related parties	Yes	1,300,773 (RMB 295,000 thousand)	948,021 (RMB 215,000 thousand)	903,927 (RMB 205,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Panjin Union Logistics	Receivable from related parties	Yes	396,846 (RMB 90,000 thousand)	264,564 (RMB 60,000 thousand)	264,564 (RMB 60,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Panjin Union Materials	Receivable from related parties	Yes	1,234,632 (RMB 280,000 thousand)	1,014,162 (RMB 230,000 thousand)	899,518 (RMB 204,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Panjin Union Chemical	Receivable from related parties	Yes	1,322,820 (RMB 300,000 thousand)	1,190,538 (RMB 270,000 thousand)	1,058,256 (RMB 240,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Taizhou Union Logistics	Receivable from related parties	Yes	330,705 (RMB 75,000 thousand)	198,423 (RMB 45,000 thousand)	52,913 (RMB 12,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		ZhenJiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Taizhou Union Chemical	Receivable from related parties	Yes	352,752 (RMB 80,000 thousand)	352,752 (RMB 80,000 thousand)	88,188 (RMB 20,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Zhuhai Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
		Zhongshang Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	2,818,278 (RMB 639,153 thousand) (Note 13)	5,636,556 (RMB 1,278,305 thousand) (Note 14)
7	Sichung Logistics	Nanchong Unicizers	Receivable from related parties	Yes	154,329 (RMB 35,000 thousand)	154,329 (RMB 35,000 thousand)	142,865 (RMB 32,400 thousand)	1.51%	2	-	Operating capital	-	-	-	157,960 (RMB 35,823 thousand) (Note 15)	157,960 (RMB 35,823 thousand) (Note 16)

(Continued)

No. (Note 1)	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
8	Zhongshan Unicizers	Zhuhai Unicizers	Receivable from related parties	Yes	\$ 440,940 (RMB 100,000 thousand)	\$ 440,940 (RMB 100,000 thousand)	\$ 220,470 (RMB 50,000 thousand)	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 3,224,981 (RMB 731,388 thousand) (Note 17)	\$ 6,449,963 (RMB 1,462,776 thousand) (Note 18)
		Panjin Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	3,224,981 (RMB 731,388 thousand) (Note 17)	6,449,963 (RMB 1,462,776 thousand) (Note 18)
		Zhenjiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	3,224,981 (RMB 731,388 thousand) (Note 17)	6,449,963 (RMB 1,462,776 thousand) (Note 18)
9	Zhuhai Unicizers	Zhongshang Unicizers	Receivable from related parties	Yes	396,846 (RMB 90,000 thousand)	264,564 (RMB 60,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,201,401 (RMB 272,464 thousand) (Note 19)	2,402,802 (RMB 544,927 thousand) (Note 20)
		Nanchong Unicizers	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,201,401 (RMB 272,464 thousand) (Note 19)	2,402,802 (RMB 544,927 thousand) (Note 20)
		Zhenjiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,201,401 (RMB 272,464 thousand) (Note 19)	2,402,802 (RMB 544,927 thousand) (Note 20)
10	Panjin Union Logistics	Panjin Union Chemical	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	88,188 (RMB 20,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	504,733 (RMB 114,468 thousand) (Note 21)	1,009,466 (RMB 228,935 thousand) (Note 22)
11	Panjin Union Materials	Panjin Union Chemical	Receivable from related parties	Yes	617,316 (RMB 140,000 thousand)	308,658 (RMB 70,000 thousand)	154,329 (RMB 35,000 thousand)	1.51%	2	-	Operating capital	-	-	-	721,809 (RMB 163,698 thousand) (Note 23)	1,443,619 (RMB 327,296 thousand) (Note 24)
		Panjin Union Logistics	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	88,188 (RMB 20,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	721,809 (RMB 163,698 thousand) (Note 23)	1,443,619 (RMB 327,296 thousand) (Note 24)
12	Panjin Union Chemical	Panjin Union Logistics	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	-	-	1.51%	2	-	Operating capital	-	-	-	751,136 (RMB 170,349 thousand) (Note 25)	1,502,272 (RMB 340,698 thousand) (Note 26)
13	Taizhou Union Chemical	Taizhou Union Logistics	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Panjin Union Chemical	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	-	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Taizhou Union Plastics	Receivable from related parties	Yes	529,128 (RMB 120,000 thousand)	352,752 (RMB 80,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Nanchong Unicizers	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	132,282 (RMB 30,000 thousand)	44,094 (RMB 10,000 thousand)	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Zhuhai Unicizers	Receivable from related parties	Yes	264,564 (RMB 60,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)

(Continued)

No. (Note 1)	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of Financing (Note 2)	Transaction Amount	Reasons for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
		Panjin Union Materials	Receivable from related parties	Yes	\$ 88,188 (RMB 20,000 thousand)	\$ -	\$ -	1.51%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,280,165 (RMB 290,327 thousand) (Note 27)	\$ 2,560,330 (RMB 580,653 thousand) (Note 28)
		Zhongshang Unicizers	Receivable from related parties	Yes	88,188 (RMB 20,000 thousand)	88,188 (RMB 20,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
		Zhenjiang Union Chemical	Receivable from related parties	Yes	132,282 (RMB 30,000 thousand)	132,282 (RMB 30,000 thousand)	-	1.51%	2	-	Operating capital	-	-	-	1,280,165 (RMB 290,327 thousand) (Note 27)	2,560,330 (RMB 580,653 thousand) (Note 28)
					\$ 16,673,126	\$ 12,091,979	\$ 6,993,328			\$ -						

Note 1: 1 for Zhenjiang Union Chemical. 2 for Glory Ace. 3 for CHL. 4 for Guangdong Union Logistics. 5 for Jiangsu Union Logistics. 6 for Taizhou Union Plastics. 7 for Sichung Logistics. 8 for Zhongshan Unicizers. 9 for Zhuhai Unicizers. 10 for Panjin Union Logistics 11 for Panjin Union Materials. 12 for Panjin Union Chemical 13 for Taizhou Union Chemical.

Note 2: The nature of financing is as follows:

a. Business transaction, fill in 1.

b. The need for short-term financing, fill in 2.

Note 3: Financing limit for each borrowing company shall not exceed 50% of Zhenjiang Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 4: Financing company’s total financing amount limits shall not exceed 100% of Zhenjiang Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 5: Financing limit for each borrowing company shall not exceed 100% of Glory Ace’s net equity in latest financial statements which were audited or reviewed.

Note 6: Financing company’s total financing amount limits shall not exceed 100% of Glory Ace’s net equity in latest financial statements which were audited or reviewed.

Note 7: Financing limit for each borrowing company shall not exceed 50% of Constant’s net equity in latest financial statements which were audited or reviewed.

Note 8: Financing company’s total financing amount limits shall not exceed 100% of Constant’s net equity in latest financial statements which were audited or reviewed.

Note 9: Financing limit for each borrowing company shall not exceed 100% of Guangdong Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 10: Financing company’s total financing amount limits shall not exceed 100% of Guangdong Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 11: Financing limit for each borrowing company shall not exceed 100% of Jiangsu Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 12: Financing company’s total financing amount limits shall not exceed 100% of Jiangsu Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 13: Financing limit for each borrowing company shall not exceed 50% of Taizhou Union Plastics’ net equity in latest financial statements which were audited or reviewed.

Note 14: Financing company’s total financing amount limits shall not exceed 100% of Taizhou Union Plastics’ net equity in latest financial statements which were audited or reviewed.

Note 15: Financing limit for each borrowing company shall not exceed 100% of Sichung Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 16: Financing company’s total financing amount limits shall not exceed 100% of Sichung Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 17: Financing limit for each borrowing company shall not exceed 50% of Zhongshan Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 18: Financing company’s total financing amount limits shall not exceed 100% of Zhongshan Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 19: Financing limit for each borrowing company shall not exceed 50% of Zhuhai Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 20: Financing company’s total financing amount limits shall not exceed 100% of Zhuhai Unicizers’ net equity in latest financial statements which were audited or reviewed.

Note 21: Financing limit for each borrowing company shall not exceed 50% of Panjin Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 22: Financing company’s total financing amount limits shall not exceed 100% of Panjin Union Logistics’ net equity in latest financial statements which were audited or reviewed.

Note 23: Financing limit for each borrowing company shall not exceed 50% of Panjin Union Materials’ net equity in latest financial statements which were audited or reviewed.

Note 24: Financing company’s total financing amount limits shall not exceed 100% of Panjin Union Materials’ net equity in latest financial statements which were audited or reviewed.

(Continued)

Note 25: Financing limit for each borrowing company shall not exceed 50% of Panjin Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 26: Financing company’s total financing amount limits shall not exceed 100% of Panjin Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 27: Financing limit for each borrowing company shall not exceed 50% of Taizhou Union Chemical’s net equity in latest financial statements which were audited or reviewed.

Note 28: Financing company’s total financing amount limits shall not exceed 100% of Taizhou Union Chemical’s net equity in latest financial statements which were audited or reviewed.

(Concluded)

TABLE 2

UPC TECHNOLOGY CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	Taizhou Union Plastics	b	\$ 13,382,874 (Note 3)	\$ 614,200 (US\$ 20,000 thousand)	\$ 614,200 (US\$ 20,000 thousand)	\$ -	\$ -	2.29%	\$ 40,148,622 (Note 3)	Y	N	Y
		Nanchong Unicizers	b		3,408,466 (RMB 773,000 thousand)	2,813,197 (RMB 638,000 thousand)	565,215 (RMB 128,184 thousand)	-	10.51%		Y	N	Y
		UPC Chemicals (Malaysia)	b		1,535,500 (US\$ 50,000 thousand)	1,535,500 (US\$ 50,000 thousand)	626 (MYR 90 thousand)	-	5.74%		Y	N	N
		Panjin Union Materials	b		1,417,622 (RMB 321,500 thousand)	1,137,625 (RMB 258,000 thousand)	268,973 (RMB 61,000 thousand)	-	4.25%		Y	N	Y
		Panjin Union Chemical	b		4,629,870 (RMB 1,050,000 thousand)	3,527,520 (RMB 800,000 thousand)	1,087,667 (RMB 246,670 thousand)	-	13.18%		Y	N	Y
		Union Hong Kong	b		698,878 (US\$ 15,000 thousand) 7,281 (EUR thousand)	698,878 (US\$ 15,000 thousand) 7,281 (EUR thousand)	302,240 (US\$ 2,084 thousand) 7,281 (EUR thousand)	-	2.61%		Y	N	N
1	Zhongshan Unicizers	Panjin Union Chemical	d	3,224,981 (Note 3)	3,528 (RMB 800 thousand)	3,528 (RMB 800 thousand)	-	-	0.05%	9,674,944 (Note 3)	Y	N	Y
2	Zhenjiang Union Chemical	Jiangsu Union Logistics	d	2,217,661 (Note 3)	6,614 (RMB 1,500 thousand)	6,614 (RMB 1,500 thousand)	1,891 (RMB 429 thousand)	-	0.15%	6,652,983 (Note 3)	N	N	Y
3	Panjain Union Materials	Panjin Union Chemical	d	721,809 (Note 3)	53,177 (RMB 12,060 thousand)	53,177 (RMB 12,060 thousand)	-	-	3.68%	2,165,428 (Note 3)	N	N	Y

Note 1: 0 for the Company. 1 for Zhongshan Unicizers. 2 for Zhenjiang Union Chemical. 3 for Panjain Union Materials

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party are as follows:

- a. A company with which it does business.
- b. A Company in which the company directly and indirectly holds more than 50 percent of the voting shares.
- c. A Company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- d. Companies in which the company holds, directly and indirectly, 90% or more of the voting shares.
- e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of endorsement or guarantee that the Company, Zhongshan Unicizers, Zhenjiang Union Chemical and Panjain Union Materials are allowed to provide is up to 150% of the net equity of the latest financial statements of the Company, Zhongshan Unicizers, Zhenjiang Union Chemical and Panjain Union Materials which were audited or reviewed. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 50% of the net equity of the latest financial statements of the Company, Zhongshan Unicizers, Zhenjiang Union Chemical and Panjain Union Materials which were audited or reviewed.

TABLE 3

UPC TECHNOLOGY CORP.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Shares/Units (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
The Company	<u>Domestic listed shares</u> Lien Hwa Industrial Holdings Corp.	With the same chairman	Financial assets at FVTOCI - noncurrent	143,262	\$ 7,177,409	9.68	\$ 7,177,409	
	MiTAC Holdings Corporation	"	"	99,803	2,944,177	8.27	2,944,177	
	<u>Domestic unlisted shares</u> Lienhwa United LPG	The Company is its director	"	4,923	61,633	17.29	61,633	
	Harbinger Venture Capital Corp.	With the same chairman	"	7	53	3.35	53	
UVC	Harbinger VI Venture Capital Corp.	"	"	3,214	39,948	13.28	39,948	
	<u>Domestic listed shares and emerging market shares</u> U.D. ELECTRONIC CORP.		"	19	607	0.02	607	
	ACTi Corporation		"	517	5,388	1.46	5,388	
	Visco Vision Inc.		"	123	35,049	0.20	35,049	
	<u>Domestic unlisted shares</u> Harbinger III Venture Capital Corp.		"	15	333	15.00	333	
	Harbinger VI Venture Capital Corp.		"	739	9,188	3.05	9,188	
	Harbinger VII Venture Capital Corp.	With the same chairman	"	6,931	126,425	9.33	126,425	
	Harbinger VIII Venture Capital Corp.		"	10,950	112,238	8.45	112,238	
	Taiwan Mobile Communication INC.		"	447	2,466	1.10	2,466	
	Mercury Electronic		"	306	3,787	1.24	3,787	
	<u>Mutual funds</u> Capital Money Market Fund		Financial assets at FVTPL - current	2,577	42,227	-	42,227	
	<u>Domestic unlisted shares</u> Lien Yung Investment Corporation		Financial assets at FVTOCI - noncurrent	9,217	126,921	19.99	126,921	
WCI	Tong Da Investment Corporation		"	4,848	118,100	19.99	118,100	
TUI	<u>Domestic listed shares</u> Getac Technology Corporation		Financial assets at FVTOCI - current	2,006	88,565	0.33	88,565	
	Asia Polymer Corporation		"	11,811	333,070	1.99	333,070	
	Taita Chemical Company, Limited		"	8,855	198,352	2.23	198,352	
	Synnex Technology International Corporation	With the same chairman	"	4,950	293,040	0.30	293,040	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Shares/Units (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
CHL	<u>Domestic unlisted shares</u> Harbinger Venture Management Co., Ltd.	With the same chairman	Financial assets at FVTOCI - noncurrent	863	\$ 19,286	19.99	\$ 19,286	
	Mitac Incorporated	"	"	914	51,123	0.22	51,123	
	<u>Foreign unlisted shares</u> Budworth		"	30	6	3.33	6	

Note 1: Marketable Securities in this table are stocks, mutual funds and securities derived from these items under IFRS “Financial Instruments: Recognition and Measurement”.

Note 2: Issuers of financial instruments, which are not related parties, can skip the column.

Note 3: The carrying amounts of financial instruments measured at fair values are adjusted for fair values less accumulated impairment losses; the carrying amounts of financial instruments not measured at fair values are the original costs or amortized costs less accumulated impairment losses.

Note 4: Refer to Table 7 and Table 8 for the information of investments in subsidiaries and associates.

(Concluded)

TABLE 4

UPC TECHNOLOGY CORP.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type And Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Share of Profit and Loss of Investment	Change in Evaluation of Profit and Loss	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (Note)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal			Shares/Units (In Thousands)	Amount
The Company	Shares CHL	Investments accounted for using the equity method	Original capital contribution	Subsidiary	471,304	\$ 25,895,473	21,000	\$ 609,442	58,994 (Note 4)	\$ -	\$ 1,838,838	\$ -	\$ (1,657,934)	\$ 734,936 (Note 1)	433,310	\$ 23,743,079
	UPC Chemicals (Malaysia)		Original capital contribution	Subsidiary	-	-	163,427 (Note 5)	1,838,838	-	-	-	-	(47,262)	(29,528) (Note 3)	163,427	1,762,048
CHL	Shares Goldendust	Investments accounted for using the equity method	Original capital contribution	Subsidiary	87,208	7,640,518	12,000	344,950	-	-	-	-	(874,279)	145,788 (Note 3)	99,208	7,256,977
Goldendust	Shares Zhongshang Unicizers	Investments accounted for using the equity method	Original capital contribution	Subsidiary	(Note 2)	6,713,635	(Note 2)	344,950	-	-	-	-	(718,852)	126,632 (Note 3)	(Note 2)	6,466,365
Prestige Spring (Note 5)	Shares UPC Chemicals (Malaysia)	Investments accounted for using the equity method	Original capital contribution	Subsidiary	163,427	1,680,833	-	-	163,427 (Note 5)	1,838,838	1,838,838	-	(50,967)	208,972 (Note 3)	-	-

Note 1: The change in evaluation of profit and loss includes exchange differences on translating the financial statements of foreign operations of \$732,556 thousand and unrealized gain on financial assets at fair value through other comprehensive income of \$2,380 thousand.

Note 2: Limited company.

Note 3: The change in evaluation of profit and loss includes exchange differences on translating the financial statements of foreign operations.

Note 4: Proceeds from return of investment.

Note 5: Organizational restructuring, please refer to Note 10 for details.

TABLE 5

UPC TECHNOLOGY CORP.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Zhenjiang Union Chemical	Entity that the Company directly or indirectly invests in	Sale	\$ (205,093)	(3.73)	45 days, may be adjusted depending on the situation			\$ 11,493	2.20	
	Taizhou Union Chemical	"	Sale	(311,716)	(5.66)	45 days, may be adjusted depending on the situation			14,479	2.77	
	Zhuhai Unicizers	"	Sale	(213,893)	(3.89)	45 days, may be adjusted depending on the situation			28,256	5.41	
	Panjin Union Chemical	"	Sale	(534,833)	(9.72)	45 days, may be adjusted depending on the situation			165,596	31.71	
Zhongshan Unicizers	The Company	"	Sale	(117,630)	(2.17)	45 days, may be adjusted depending on the situation			15,513	6.12	
	Zhenjiang Union Chemical	"	Sale	(123,755)	(2.28)	30 days, may be adjusted depending on the situation			-	-	
Taizhou Union Chemical	Zhenjiang Union Chemical	"	Sale	(245,883)	(2.50)	30 days, may be adjusted depending on the situation			11,792	2.00	
	Taizhou Union Plastics	"	Sale	(191,388)	(1.95)	30 days, may be adjusted depending on the situation			-	-	
	Panjin Union Chemical	"	Sale	(203,041)	(2.06)	30 days, may be adjusted depending on the situation			-	-	
	Nanchong Unicizers	"	Sale	(225,897)	(2.30)	30 days, may be adjusted depending on the situation			79,149	13.40	
Zhuhai Unicizers	The Company	"	Sale	(222,732)	(1.65)	45 days, may be adjusted depending on the situation			20,981	2.73	
	Zhongshan Unicizers	"	Sale	(1,444,403)	(10.73)	30 days, may be adjusted depending on the situation			39,785	5.17	
	UPC Chemicals (Malaysia)	"	Sale	(194,443)	(1.44)	45 days, may be adjusted depending on the situation			-	-	
Zhenjiang Union Chemical	The Company	"	Sale	(177,293)	(1.20)	45 days, may be adjusted depending on the situation			14,313	1.73	
	Taizhou Union Chemical	"	Sale	(331,904)	(2.24)	30 days, may be adjusted depending on the situation			7,087	0.86	
	Zhuhai Unicizers	"	Sale	(240,075)	(1.62)	30 days, may be adjusted depending on the situation			-	-	
	Nanchong Unicizers	"	Sale	(138,258)	(0.93)	30 days, may be adjusted depending on the situation			6,530	0.79	
Panjin Union Chemical	The Company	"	Sale	(186,753)	(1.59)	45 days, may be adjusted depending on the situation			-	-	
	Zhenjiang Union Chemical	"	Sale	(2,354,881)	(20.06)	30 days, may be adjusted depending on the situation			642,456	90.45	
	Taizhou Union Chemical	"	Sale	(123,823)	(1.05)	30 days, may be adjusted depending on the situation			-	-	
	Zhuhai Unicizers	"	Sale	(701,525)	(5.98)	30 days, may be adjusted depending on the situation			19,288	2.72	
Nanchong Unicizers	Zhenjiang Union Chemical	Entity that the Company directly or indirectly invests in	Sale	(340,695)	(9.47)	30 days, may be adjusted depending on the situation			4,096	2.59	
UPC Chemicals (Malaysia)	UPCM Chemicals (Thailand)	"	Sale	(647,047)	(11.59)	90 days, may be adjusted depending on the situation			138,328	22.63	
	UPCM Chemicals (Vietnam)	"	Sale	(871,286)	(15.60)	90 days, may be adjusted depending on the situation			184,912	30.25	
Union Hong Kong	Zhongshan Unicizers	"	Sale	(153,773)	(1.42)	120 days, may be adjusted depending on the situation			37,629	3.33	
	Taizhou Union Chemical	"	Sale	(5,849,577)	(54.17)	120 days, may be adjusted depending on the situation			376,511	33.33	
	Zhuhai Unicizers	"	Sale	(1,619,501)	(15.00)	120 days, may be adjusted depending on the situation			151,721	13.43	
	Panjin Union Chemical	"	Sale	(170,575)	(1.58)	120 days, may be adjusted depending on the situation			-	-	
	Panjin Union Materials	"	Sale	(193,374)	(1.79)	120 days, may be adjusted depending on the situation			76,406	6.76	
	UPC Chemicals (Malaysia)	"	Sale	(2,777,068)	(25.72)	120 days, may be adjusted depending on the situation			464,900	41.16	

TABLE 6

UPC TECHNOLOGY CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Panjin Union Chemical	Entity that the Company directly or indirectly invests in	Trade receivables \$ 165,596	4.77	\$ -		\$ 136,582	\$ -
Panjin Union Chemical	Zhenjiang Union Chemical	"	Trade receivables 157,422	29.26	-		156,423	-
UPC Chemicals (Malaysia)	UPCM Trading (Thailand)	"	Trade receivables 138,328	5.24	-		100,420	-
	UPCM Trading (Vietnam)	"	Trade receivables 184,912	5.36	-		121,822	-
Union Hong Kong	Taizhou Union Chemical	"	Trade receivables 376,511	11.76	-		376,511	-
	Zhuhai Unicizers	"	Trade receivables 151,721	6.98	-		64,055	-
	UPC Chemicals (Malaysia)	"	Trade receivables 464,900	8.10	-		283,508	-
Glory Ace	Union Hong Kong	"	Other receivables 598,845	-	-		-	-
CHL	Union Hong Kong	"	Other receivables 264,106	-	-		-	-
Zhongshan Unicizers	Zhuhai Unicizers	"	Other receivables 222,737	-	-		198,423	-
Zhenjiang Union Chemical	Zhuhai Unicizers	"	Other receivables 132,282	-	-		88,188	-
	Panjin Union Chemical	"	Other receivables 573,418	-	-		220,470	-
	Panjin Union Logistics	"	Other receivables 198,423	-	-		-	-
	ZhenJiang Union Torch Estate	"	Other receivables 730,417	-	-		-	-
	Panjin Union Materials	"	Other receivables 154,329	-	-		-	-
Taizhou Union Plastics	Panjin Union Chemical	"	Other receivables 1,058,256	-	-		-	-
	Panjin Union Logistics	"	Other receivables 264,564	-	-	-	-	-
	Panjin Union Materials	"	Other receivables 899,518	-	-	-	-	-
	Nanchong Unicizers	"	Other receivables 903,927	-	-	-	-	-
Jiangsu Union Logistics	Panjin Union Chemical	"	Other receivables 176,376	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
Guangdong Union Logistics	Zhuhai Unicizers	"	Other receivables \$ 121,259	-	\$ -		\$ 11,024	\$ -
Panjin Union Materials	Panjin Union Chemical	"	Other receivables 167,710	-	-		78,580	-
Sichung Logistics	Nanchong Unicizers	"	Other receivables 142,865	-	-	-	-	-
Panjin Union Chemical	Zhenjiang Union Chemical	"	Notes receivable 485,034	-	-	-	-	-

Note: It was the amount received as of March 15, 2023.

(Concluded)

TABLE 7

UPC TECHNOLOGY CORP.

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
The Company	CHL	Tortola, British Virgin Islands	Investment	\$ 13,127,287	\$ 14,356,683	433,310	100.00	\$ 23,743,079	\$ (1,657,934)	\$ (1,657,934)	Subsidiary
	Glory Ace	Tortola, British Virgin Islands	Trading	128,451	128,451	605	100.00	599,874	(48)	(48)	"
	UVC	Tiding Blvd., Taipei City	Investment	250,013	250,013	22,701	100.00	393,390	(25,567)	(25,567)	"
	WCI	Nangang Rd., Taipei City	"	160,000	160,000	16,000	100.00	295,300	34,070	34,070	"
	TUI	Minsheng E. Rd., Taipei City	"	453,525	453,525	78,719	100.00	1,385,027	84,253	84,253	"
	UPC Chemicals (Malaysia)	Selangor, Malaysia	Manufacturing and selling of PLASTICIZERS and PA	1,838,838 (Note 3)	-	163,427	100.00	1,762,048	(98,229)	(47,262)	"
CHL	Star Bright	Tortola, British Virgin Islands	Investment	1,348	1,348	51	100.00	279,610	(44,923)		Subsidiary
	Goldendust	"	"	3,070,575	2,725,625	99,208	100.00	7,256,977	(874,279)		"
	Natural	"	"	3,278,180	3,278,180	105,400	100.00	4,200,036	(165,740)		"
	Magic Props	"	"	919,533	919,533	28,140	100.00	2,069,422	(73,493)		"
	Pure Fantasy	"	"	217,544	217,544	6,331	100.00	422,644	(103,715)		"
	Modern Vantage	"	"	763,540	763,540	25,334	100.00	804,135	96,296		"
	Charmon	"	"	972,950	972,950	31,637	100.00	1,295,577	10,856		"
	Linkhope	"	"	88,755	88,755	3,000	100.00	259,245	12,805		"
	Reachworld	"	"	87,960	87,960	3,000	100.00	195,667	10,151		"
	Daywinn	"	"	711,773	711,773	23,380	100.00	1,444,416	(56,998)		"
	Dragonoble	"	"	1,494,521	1,435,059	50,670	100.00	684,569	(214,833)		"
	Pagerise	"	"	965,857	965,857	32,000	100.00	1,023,628	14,234		"
	Greaterise	"	"	1,502,187	1,297,157	49,000	100.00	1,470,501	(180,122)		"
	Granfaith	"	"	922,434	922,434	30,351	100.00	355,477	(109,237)		"
	Faithouse	"	"	150,500	150,500	5,000	100.00	160,248	1,957		"
	Prestige Spring	"	"	(Note 3)	1,251,836	-	-	-	(50,967)		"
	Union Hong Kong	Tsimshatsui Kowloon, Hong Kong	Trading	913,293	913,293	232,409	100.00	1,149,931	71,692		"
	Harbinger Ruyi	Tortola, British Virgin Islands	Investment	30,465	30,465	1,000	28.57	22,979	465		Subsidiary's investee company under the equity method
UVC	Inno Strategy	Tortola, British Virgin Islands	Investment	(Note 4)	3,075	-	-	-	478		Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
Star Bright	Logical Path Ltd.	Tsimshatsui Kowloon, Hong Kong	Investment	\$ 37	\$ 37	10	100.00	\$ 279,601	\$ (44,923)		Subsidiary
Prestige Spring	UPC Chemicals (Malaysia)	Selangor, Malaysia	Manufacturing and selling of PLASTICIZERS and PA	(Note 3)	1,251,836	-	-	-	(98,229)		Subsidiary
UPC Chemicals (Malaysia)	UPCM Trading (Thailand)	Bangkok, Thailand	Trading	28,905	28,905	30,000	100.00	8,896	(8,093)		Subsidiary
	UPCM Trading (Vietnam)	Ho Chi Minh City Vietnam	Trading	17,867	17,867	(Note 2)	100.00	12,305	(21,485)		Subsidiary

Note 1: Please refer to Table 8 for information of investees of Mainland China.

Note 2: Limited company.

Note 3: After the Company acquired UPC Chemicals (Malaysia) from Prestige Spring in November 2022, CHL merged the equity of Prestige Spring, and Prestige Spring dissolved in the merger.

Note 4: The Group completed the liquidation of Inno Strategy in December 2022.

(Concluded)

TABLE 8

UPC TECHNOLOGY CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	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	Percentage of Ownership (%)	Net Income (Loss) of the Investee Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
						Outflow	Inflow						
Goldendust	Zhongshan Unicizers	Manufacturing and selling of PLASTICIZERS and PA	US\$ 108,080 thousand	b.	\$ 2,139,461	\$ 344,950	\$ -	\$ 2,484,411	100	\$ (718,852)	\$ (718,852) b.2)	\$ 6,466,365	\$ -
Zhongshan Unicizers, Logical Path Ltd, Goldendust and Magic Props	Zhenjiang Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	US\$ 77,340 thousand	b.	543,823	-	-	543,823	100	(175,864)	(175,864) b.2)	4,452,886	-
Zhongshan Unicizers, Logical Path Ltd, Pure Fantasy and Goldendust	Zhuhai Unicizers	Manufacturing and selling of PLASTICIZERS, PA and MA	US\$ 35,500 thousand	b.	-	-	-	-	100	(583,949)	(583,949) b.2)	2,279,227	-
Charmon and Zhongshan Unicizers	Taizhou Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	US\$ 63,400 thousand	b.	466,785	-	-	466,785	100	21,756	21,756 b.2)	2,581,974	-
Modern Vantage	Taizhou Union Logistics	Warehousing and storage services	US\$ 23,700 thousand	b.	648,157	-	-	648,157	100	96,296	96,296 b.2)	804,134	-
Natural and Daywinn	Taizhou Union Plastics	Manufacturing and selling of PVC	US\$ 168,780 thousand	b.	3,068,081	-	-	3,068,081	100	(222,739)	(222,739) b.2)	5,644,451	-
Linkhope	Jiangsu Union Logistics	Logistics	US\$ 3,000 thousand	b.	88,755	-	-	88,755	100	12,805	12,805 b.2)	259,245	-
Reachworld	Guangdong Union Logistics	Logistics	US\$ 3,000 thousand	b.	87,960	-	-	87,960	100	10,151	10,151 b.2)	195,664	-
Dragonoble and Zhongshan Unicizers	Panjin Union Chemical	Manufacturing and selling of PLASTICIZERS and PA	US\$ 105,000 thousand	b.	1,435,059	59,462	-	1,494,521	100	(445,158)	(445,158) b.2)	1,461,862	-
Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	Real Estate Management	RMB 60,000 thousand	c.	-	-	-	-	100	(3,925)	(3,925) b.2)	235,814	-
Pagerise	Panjin Union Logistics	Warehousing and storage services	US\$ 32,000 thousand	b.	965,857	-	-	965,857	100	14,234	14,234 b.2)	1,023,628	-
Greaterise	Panjin Union Materials	Manufacturing and selling of MA and related derivatives	US\$ 49,000 thousand	b.	1,297,157	205,030	-	1,502,187	100	(180,122)	(180,122) b.2)	1,470,501	-
Granfaith and Zhongshan Unicizers	Nanchong Unicizers	Manufacturing and selling of PLASTICIZERS and PA	US\$ 62,000 thousand	b.	922,434	-	-	922,434	100	(222,933)	(222,933) b.2)	733,601	-

(Continued)

Investor Company	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	Percentage of Ownership (%)	Net Income (Loss) of the Investee Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
						Outflow	Inflow						
Faithouse	Sichung Logistics	Logistics	US\$ 5,000 thousand	b.	\$ -	\$ -	\$ -	\$ -	100	\$ 1,957	\$ 1,957 b.2)	\$ 159,907	\$ -
Taizhou Union Plastics	Panjin Union Plastics	Manufacturing and selling of VCM	RMB 4,000 thousand	c.	-	-	-	-	100	129	129 b.2)	17,771	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Amount of Investment Stipulated by the Investment Commission, MOEA
\$12,272,971 (Note 3)	\$15,208,453 (US\$495,228.04 thousand) (Note 4)	(Note 5)

Note 1. The investment types are as follows:

- a. Direct investment.
- b. Indirect investment in Mainland China through a subsidiary in a third region (refer to the table above for investor companies in the third region).
- c. Others-direct investment from Zhenjiang Union Chemical and Taizhou Union Plastics.

Note 2. In the column of investment income or loss as of December 31, 2022:

- a. If there is no investment income or loss yet resulting from preparation, please indicate.
- b. The basis of recognition of investment income or loss as follow:
 - 1) Financial statements that were audited by international accounting firms which are in a cooperation with R.O.C. accounting firm.
 - 2) Financial statements that were audited by the CPAs of the parent company in Taiwan.
 - 3) Others: Financial statements that were not audited.

Note 3. Excluded (1) the investment amount of \$934,394 thousand due to the remittance of funds from Taiwan outward to regions of Mainland China in the prior years, and the investor company liquidates after the end of operation; (2) Investment of \$3,502,208 thousand that is remittance of company - owned funds from the third region of Mainland China.

Note 4. The exchange rate on December 31, 2022 is US\$1=NT\$30.71. Capitalization of retained earnings is not included.

Note 5. As the Company has been qualified with operations headquarters certification issued by Industrial Development Bureau on September 13, 2021, the amount of investment in Mainland China is not limited.

(Concluded)

UPC TECHNOLOGY CORP.

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

1. Sales transactions

Investee Company	Activities in the Third Area	Price and Payment Terms Comparison with Normal Transactions	Sales		Unrealized Gain on Sale	Ending Notes/Trade Receivable	
			Price	%		Balance	%
Zhenjiang Union Chemical	-	The terms of transaction are the same as general business practices	\$ 205,093	3.73	\$ -	\$ 11,493	2.20
Zhuhai Unicizers	-	"	213,893	3.89	-	28,256	5.41
Panjing Union Chemical	-	"	534,833	9.72	-	165,596	31.71
Taizhou Union Chemical	-	"	311,716	5.66	-	14,479	2.77

2. Purchase transactions

Investee Company	Activities in the Third Area	Price and Payment Terms Comparison with Normal Transactions	Purchases			Ending Notes/Trade Payable	
			Price	%		Balance	%
Zhenjiang Union Chemical	-	The terms of transaction are the same as general business practices	\$ 177,293	4.12		\$ 14,313	4.08
Zhuhai Unicizers	-	"	222,732	5.18		20,981	5.98
Panjing Union Chemical	-	"	186,753	4.34		-	-
Zhongshan Unicizers	-	"	117,630	2.74		15,513	4.42

3. Transactions of endorsements/guarantees (refer to Note 28 and Table 2)

TABLE 10**UPC TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lien Hwa Industrial Holdings Corp.	424,880,973	31.35
Synnex Technology International Corporation	68,992,033	5.09

Note 1: The information of major shareholders presented in this table is provided 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 (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: Percentage of Ownership (%) = Number of shares owned/Total number of shares that have been issued without physical registration.

Note 3: The total number of shares that have been issued without physical registration (including treasury shares) is 1,355,206,607 shares.

UPC TECHNOLOGY CORP.

Chairman: Miao, Matthew Feng Chiang



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