

Ho Tung Chemical Corp.
Parent Company Only Financial Statements and
Independent Auditors' Report
For the Years Ended December 31, 2023 and
2022
(Stock Code: 1714)

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

(2024) Tsai-Shen-Bao-Zi No. 23005064

To the Board of Directors of Ho Tung Chemical Corp.,

Opinion

We have audited the accompanying Parent Company Only balance sheets of Ho Tung Chemical Corp. (hereinafter referred to as "the Company") as of December 31, 2023 and 2022, and the related Parent Company Only balance sheet, and Parent Company Only statements of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the Parent Company Only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the Parent Company Only financial statements present fairly, in all material respects, the Parent Company Only financial position of Ho Tung Chemical Corp. as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, 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 refer to matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent Company Only financial statements as a whole and, in forming our opinion thereon, we do not provide a Parent Company Only opinion on these matters.

Key audit matters for the parent company only financial statements of the Company for the year ended December 31, 2023 are stated as follows:

The accurate timing of revenue recognition

Description

Please refer to Note IV (XXVI) for details of the accounting policies of the recognition of operating revenue; for descriptions of accounting items, please refer to Note VI (XVIII) of the report.

The Company is primarily engaged in selling of chemical products. The products are delivered to purchasers when the control of the promised goods has been transferred to the purchaser and revenue is recognized when the control is transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As transaction amount is enormous, revenue from sales of goods serves as the main indicator of determining whether the operating and financial goals and investors' expectations are met, and there might be inaccurate timing of revenue recognition shortly before or after the balance sheet date, the accurate timing of recognition of revenue from is identified as a key audit matter.

How the matter was addressed in our audit

Our response to the above-mentioned key audit items are summarized as follows:

1. Review terms on the sales contracts and orders, confirming revenue from sales is recognized in conformity with contract terms and other related transaction terms.
2. Analyze fluctuation in sales of all products, understanding the nature of significant changes in sales.
3. Sample and review revenues from sales in the appropriate period of time before or after the balance sheet date, including verification of the contents of transaction agreements, trade terms, and other related documents in order to confirm that these revenues were recognized at the appropriate date.

Fair value measurement of stocks of unlisted companies without an active market

Description

For the accounting policies of stocks of unlisted companies without active market, please refer to Note IV (VI) of the parent company only financial report, and for the uncertainty of accounting estimates and assumptions for fair value measurement, please refer to Note V (I) of the parent company only financial report; for the description of the fair value of financial assets, please refer to Note XII (III) of the parent company only financial report.

The stocks of unlisted companies without active market directly and indirectly held by the Company and its subsidiaries (under investments accounted for using equity method) are listed as financial assets measured at fair value through other comprehensive income, and the changes in fair value on the measurement date are listed as other comprehensive income.

We believe that the estimation of the aforementioned fair value depends on the subjective judgment of the management, and involves many assumptions and estimates with high uncertainty. Therefore, the fair value measurement of the stocks of unlisted companies without an active market is one of the most important items in this year's review.

How the matter was addressed in our audit

Our response to the above-mentioned key audit items are summarized as follows:

1. Understand and evaluate the relevant policies and evaluation processes of the Company and its subsidiaries for the fair value measurement of unlisted company stocks without active market.
2. The measurement methods used by management for evaluation are generally adopted and appropriate in the industry and its market environment.
3. Obtained the evaluation report from the expert, and implemented the following procedures:
 - (1) Check the setting of input values and calculation formulas used in the evaluation model, and review relevant information and supporting documents for the relevance and reliability of relevant data sources.
 - (2) Evaluate the sensitivity analysis performed by management on assumptions and inputs to confirm that management has appropriately addressed the effects of uncertainty in its estimates.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain investees accounted for using equity method furnished to the Parent Company Only financial statements of the Company. The financial statements of these investees were audited by other independent auditors. Thus, opinions expressed herein, insofar as it relates to the amounts included in the Parent Company Only financial statements and information disclosed in Note XIII relating to these investees, are based solely on the reports of other independent auditors. For the years ended December 31, 2023, and 2022, the total amount of investments accounted for using equity method recorded as assets were NT\$2,116,978 thousand and NT\$2,255,538 thousand, respectively, constituting 14.68% and 16.00% of the total assets, respectively; those recorded as liabilities were NT66,747 thousand and

NT\$66,039 thousand, constituting 2.94% and 3.39% of total liabilities, respectively. As of December 31, 2023, and 2022, the comprehensive income recognized of these investees were NT\$98,735 thousand and NT\$(301,909) thousand, constituting 97.17% and 371.58% of the total comprehensive income, respectively.

Responsibility of the Management and the Governing Body for the Parent Company Only Financial Statements

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

In preparing the Parent Company Only financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, items 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 financial reporting process of Ho Tung Chemical Corp.

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

Our objectives are to obtain reasonable assurance about whether the Parent Company Only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ROC GAAS will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the Parent Company Only financial statements, they will be deemed as material.

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

1. We exercise professional judgment and maintain professional skepticism throughout the audit. The risk of not detecting a material misstatement resulting from fraud is higher than that 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.
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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only 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 auditor's 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 Parent Company Only financial statements, including related notes, and whether the Parent Company Only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Parent Company Only 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 the governing body, we determined matters that were of most significance in the audit of the Parent Company Only financial statements for the year ended December 31, 2023 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.

PricewaterhouseCoopers Taiwan

HSU, MING-CHUAN

CPA

HUANG, JING-LIAN

Financial Supervisory Commission

Approval Certificate No.:

Financial Management Certificate Review No. 1050029449

Financial Management Certificate Review No. 1100348083

March 13, 2024

HO TUNG CHEMICAL CORP.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: NT\$ thousands

			December 31, 2023		December 31, 2022	
Assets			Amount		Amount	
			%		%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 725,895	5	\$ 638,246	4
1170	Accounts receivable, net	VI (IV)	245,506	2	111,463	1
1180	Accounts receivable - related parties, net	VII	149,075	1	238,440	2
1200	Other receivables		12,253	-	8,907	-
1210	Other receivables - related parties	VII	8,364	-	8,939	-
130X	Inventories	VI (V)	330,069	2	230,769	2
1410	Prepayments		80,070	1	27,879	-
1470	Other current assets		21	-	77	-
11XX	Total current assets		1,551,253	11	1,264,720	9
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	VI (II)	764,236	5	780,518	6
1535	Financial assets at amortized cost - non-current	VI (I)(III) & VIII	13,100	-	133,947	1
1550	Investment accounted for using equity method	VI (VI) & VII	11,305,050	78	11,144,581	79
1600	Property, plant, and equipment	VI (VII) & VIII	492,911	4	485,395	4
1755	Right-of-use assets	VI (VIII) & VII	24,119	-	46,344	-
1760	Investment property, net	VI (IX) & VII	172,241	1	172,473	1
1780	Intangible assets	VI (X)	6,764	-	5,656	-
1840	Deferred income tax assets	VI (XXV)	73,539	1	53,375	-
1900	Other non-current assets	VI (XIII)	14,019	-	9,521	-
15XX	Total non-current assets		12,865,979	89	12,831,810	91
1XXX	Total assets		\$ 14,417,232	100	\$ 14,096,530	100

(Continued on next page)

HO TUNG CHEMICAL CORP.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

			December 31, 2023		Unit: NTS thousands December 31, 2022	
Liabilities and equity		Notes	Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI (XI)	\$ 155,000	1	\$ 355,000	3
2130	Contract liabilities - current	VI (XVIII)	1,931	-	1,842	-
2170	Accounts payable		118,870	1	101,022	1
2180	Accounts payable - related parties	VII	243,462	2	84,263	1
2200	Other payables		111,801	1	80,783	1
2220	Other payables - related parties	VII	15,932	-	2,882	-
2230	Current income tax liabilities		-	-	34,915	-
2280	Lease liabilities- current	VII	22,798	-	22,273	-
2320	Long-term liabilities due within one year or one operating cycle	VI (XII) & VIII	-	-	462,000	3
2399	Other current liabilities - others	VII	35,912	-	47,625	-
21XX	Total current liabilities		<u>705,706</u>	<u>5</u>	<u>1,192,605</u>	<u>9</u>
Non-current liabilities						
2540	Long-term loans	VI (XII) & VIII	1,489,350	10	658,605	5
2570	Deferred income tax liabilities	VI (XXV)	3,816	-	3,771	-
2580	Lease liabilities - non-current	VII	349	-	22,807	-
2600	Other non-current liabilities	VI (VI)	67,557	1	67,444	-
25XX	Total non-current liabilities		<u>1,561,072</u>	<u>11</u>	<u>752,627</u>	<u>5</u>
2XXX	Total liabilities		<u>2,266,778</u>	<u>16</u>	<u>1,945,232</u>	<u>14</u>
Equity						
	Share capital	VI (XIV)				
3110	Share capital - common stock		10,168,248	71	10,168,248	72
	Capital surplus	VI (XV)				
3200	Capital surplus		75,524	-	76,301	1
	Retained earnings	VI (XVI)				
3310	Legal reserve		910,241	6	872,454	6
3320	Special reserve		692,985	5	233,849	2
3350	Unappropriated retained earnings		1,534,311	11	1,572,404	11
	Other equity interest	VI (XVII)				
3400	Other equity interest		(1,151,882)	(8)	(692,985)	(5)
3500	Treasury stocks	VI (VI)(XIV)	(78,973)	(1)	(78,973)	(1)
3XXX	Total equity		<u>12,150,454</u>	<u>84</u>	<u>12,151,298</u>	<u>86</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments Significant Events	IX XI				
3X2X	Total liabilities and equity		\$ 14,417,232	100	\$ 14,096,530	100

The notes to the Parent Company Only financial statements are part of the parent company only financial statements and should be read together.

Chairman: Li-Chiu Chang

Manager: Yi-Ju Chen

Accounting supervisor: Hui-Yen Lin

HO TUNG CHEMICAL CORP.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands
(Except the unit of earnings per share is NT\$)

	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	VI (XVIII) & VII	\$ 3,501,897	100	\$ 4,473,351	100
5000	Operating costs	VI (V)(XXIII) (XXIV) & VII	(3,464,310)	(99)	(4,185,851)	(94)
5900	Gross profit		37,587	1	287,500	6
5910	Unrealized loss (gain) on sales		6,539	1	(6,798)	-
5920	Realized profits on sales		6,798	-	52	-
5950	Gross profit from operations		50,924	2	280,754	6
	Operating expenses	VI (X) (XXIII) (XXIV) & VII				
6100	Selling expenses		(141,567)	(4)	(160,030)	(3)
6200	Administrative expenses		(95,481)	(3)	(86,308)	(2)
6000	Total operating expenses		(237,048)	(7)	(246,338)	(5)
6900	Operating (loss) profit		(186,124)	(5)	34,416	1
	Non-operating income and expenses					
7100	Interest income	VI (III)(XIX)	21,503	-	4,938	-
7010	Other income	VI (XX) & VII	66,175	2	60,063	1
7020	Other gains and losses	VI (XXI)	(11,060)	-	102,220	2
7050	Finance costs	VI (XXII) & VII	(39,279)	(1)	(31,388)	(1)
7070	Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	VI (VI)				
			715,801	20	250,805	6
7000	Total non-operating income and expenses		753,140	21	386,638	8
7900	Profit before income tax		567,016	16	421,054	9
7950	Income tax benefit (expense)	VI (XXV)	32,046	1	(50,829)	(1)
8000	Net Profit for continuing operations		599,062	17	370,225	8
8200	Net profit for the period		\$ 599,062	17	\$ 370,225	8
	Other comprehensive income - net					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XIII)	\$ 224	-	\$ 2,047	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI (II) (XVII)	(16,282)	-	(2,773)	-
8330	Shares of other comprehensive income arising from subsidiaries, associates and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified to profit or loss	VI (XVII)	(282,231)	(8)	(859,077)	(19)
8349	Income tax expenses related to items that will not be reclassified subsequently to profit or loss	VI (XXV)	(45)	-	(409)	-
8310	Total amount of items that will not be reclassified to profit or loss		(298,334)	(8)	(860,212)	(19)
	Items that may be reclassified subsequently to profit or loss					
	Exchange differences on translation of foreign financial statements	VI (XVII)	(199,113)	(6)	408,735	9
8360	Total amount of items that may be reclassified subsequently to profit or loss		(199,113)	(6)	408,735	9
8300	Other comprehensive income - net		(\$ 497,447)	(14)	(\$ 451,477)	(10)
8500	Total comprehensive income for the period		\$ 101,615	3	(\$ 81,252)	(2)
	Earnings per share	VI (XXVI)				
9750	Basic earnings per share		\$ 0.60		\$ 0.37	
9850	Diluted earnings per share		\$ 0.59		\$ 0.37	

The notes to the Parent Company Only financial statements are part of the parent company only financial statements and should be read together.

Chairman: Li-Chiu Chang

Manager: Yi-Ju Chen

Accounting supervisor: Hui-Yen Lin

HO TUNG CHEMICAL CORP.
Parent Company Only Statement of Change in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest		Treasury stocks	Total
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference from translating the financial statements of foreign operations	Unrealized gains (loss) on financial assets at fair value through other Profit and loss		
<u>2022</u>										
Balance at January 1, 2022		\$10,168,248	\$57,093	\$800,259	\$504,761	\$1,422,870	(\$519,414)	\$285,564	(\$95,951)	\$12,623,430
Net profit for the period		-	-	-	-	370,225	-	-	-	370,225
Other comprehensive income for the year	VI (XVII)	-	-	-	-	7,658	408,735	(867,870)	-	(451,477)
Total comprehensive income for the period		-	-	-	-	377,883	408,735	(867,870)	-	(81,252)
Appropriation and distribution of 2021 earnings	VI (XVI)									
Legal reserve		-	-	72,195	-	(72,195)	-	-	-	-
Special reserve		-	-	-	(270,912)	270,912	-	-	-	-
Cash dividend		-	-	-	-	(427,066)	-	-	-	(427,066)
Subsidiary disposal of parent company stock is deemed as treasury stock transaction	VI (XIV) (XV)	-	15,938	-	-	-	-	-	16,978	32,916
Cash dividend of parent company distributed to subsidiaries	VI (XV)	-	4,036	-	-	-	-	-	-	4,036
Change in ownership of equity in subsidiary	VI (XV) (XXVII)	-	(766)	-	-	-	-	-	-	(766)
Balance at December 31, 2022		\$10,168,248	\$76,301	\$872,454	\$233,849	\$1,572,404	(\$110,679)	(\$582,306)	(\$78,973)	\$12,151,298
<u>2023</u>										
Balance at January 1, 2023		\$10,168,248	\$76,301	\$872,454	\$233,849	\$1,572,404	(\$110,679)	(\$582,306)	(\$78,973)	\$12,151,298
Net profit for the period		-	-	-	-	599,062	-	-	-	599,062
Other comprehensive income for the year	VI (XVII)	-	-	-	-	535	(199,113)	(298,869)	-	(497,447)
Total comprehensive income for the period		-	-	-	-	599,597	(199,113)	(298,869)	-	101,615
Appropriation and distribution of 2022 earnings	VI (XVI)									
Legal reserve		-	-	37,787	-	(37,787)	-	-	-	-
Special reserve		-	-	-	459,136	(459,136)	-	-	-	-
Cash dividend		-	-	-	-	(101,682)	-	-	-	(101,682)
Disposal of financial instruments measured at fair value through other comprehensive income	VI (XVII)	-	-	-	-	(39,085)	-	39,085	-	-
Cash dividend of parent company distributed to subsidiaries	VI (XV)	-	1,014	-	-	-	-	-	-	1,014
Change in ownership of equity in subsidiary	VI (XV) (XXVII)	-	(1,791)	-	-	-	-	-	-	(1,791)
Balance at December 31, 2023		\$10,168,248	\$75,524	\$910,241	\$692,985	\$1,534,311	(\$309,792)	(\$842,090)	(\$78,973)	\$12,150,454

The notes to the Parent Company Only financial statements are part of the parent company only financial statements and should be read together.

Chairman: Li-Chiu Chang

Manager: Yi-Ju Chen

Accounting supervisor: Hui-Yen Lin

HO TUNG CHEMICAL CORP.
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax for the period		\$ 567,016	\$ 421,054
Adjustments			
Adjustments to reconcile profit(loss)			
Unrealized (loss) gain on sales		(6,539)	6,798
Realized profits on sales		(6,798)	(52)
Depreciation	VI (VII) (VIII) (IX)(XXIII)	80,974	52,869
Amortization	VI (X) (XXIII)	1,060	581
Interest expense	VI (XXII)	39,279	31,388
Interest income	VI (XIX)	(21,503)	(4,938)
Dividend income	VI (II)(XX)	(54,594)	(45,408)
Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	VI (VI)	(715,801)	(250,805)
Loss on disposal of investments	VI (II)(XXI)	-	315
Gain on disposal of property, plant, and equipment	VI (XXI)	(274)	(25)
Changes in operating assets/liabilities			
Net changes in operating assets			
Accounts receivable		(134,043)	(9,923)
Accounts receivable - related parties		89,365	(131,216)
Other receivables		4,035	(4,634)
Other receivables - related parties		575	(1,006)
Inventories		(78,549)	29,268
Prepayments		(72,942)	(17,291)
Other current assets		56	(54)
Net changes in operating liabilities			
Contract liabilities - current		89	1,086
Notes payable		-	(1,630)
Accounts payable		17,848	(4,768)
Accounts payable - related parties		159,199	405
Other payables		2,589	(11,189)
Other payables - related parties		13,050	-
Other current liabilities		(11,713)	(1,555)
Other non-current liabilities		5	(2)
Cash flows (used in) generated from operations		(127,616)	59,268
Interest received		21,503	4,938
Interest paid		(39,279)	(31,038)
Dividend received		154,958	72,958
Income tax paid		(30,116)	(39,104)
Cash inflow (outflow) from operating activities, net		(20,550)	67,022

(Continued on next page)

HO TUNG CHEMICAL CORP.
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	2023	2022
<u>Cash flows from investing activities</u>			
Disposal of financial assets at fair value through other comprehensive income - non-current	VI (II)	\$ -	\$ 19
Dividends distributed at investment cost through financial assets measured at fair value through other comprehensive income	VI (II)	-	5,847
Increase in financial assets at amortized cost - non-current		-	(31,890)
Decrease in financial assets at amortized cost - non-current		120,847	-
Acquisition of investments accounted for using equity method - subsidiaries	VI (VI)(XXVII)	(13,113)	(3,499)
Acquisition of property, plant, and equipment	VI (XXVIII)	(36,490)	(12,945)
Acquisition of investment real estate	VI (IX)	-	(162,024)
Acquisition of intangible assets	VI (X)	(1,761)	(416)
Decrease (increase) in other non-current assets		(4,274)	30
Net cash flows generated from (used in) investing activities		65,209	(204,878)
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term borrowings	VI (XXIX)	(200,000)	355,000
Lease principal repayment	VI (XXIX)	(21,933)	-
Repayment of long-term loans for the period	VI (XXIX)	(1,123,800)	(330,000)
Proceed from long-term borrowings for the period	VI (XXIX)	1,491,000	-
Increase (decrease) in guarantee deposits received	VI (XXIX)	(595)	92
Cash dividend paid	VI (XVI)	(101,682)	(427,066)
Net cash flows generated from (used in) financing activities		42,990	(401,974)
Increase (decrease) in cash and cash equivalents for the period		87,649	(539,830)
Cash and cash equivalents at beginning of the year		638,246	1,178,076
Cash and cash equivalents at end of the year		\$ 725,895	\$ 638,246

The notes to the Parent Company Only financial statements are part of the parent company only financial statements and should be read together.

Chairman: Li-Chiu Chang

Manager: Yi-Ju Chen

Accounting supervisor: Hui-Yen Lin

Ho Tung Chemical Corp.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands
(Except as otherwise indicated)

I. Company History

(I) Ho Tung Chemical Corp. ("the Company") was incorporated in August 1980 in the Republic of China. The Company's shares have been traded on the Taiwan Stock Exchange since August 30, 1991. The Company is primarily engaged in manufacturing, processing and sales of chemicals such as normal paraffin, alkenes and so on.

(II) The name, relationship, and the abbreviation of the Company's subsidiaries:

<u>Name and relationship of related parties</u>	<u>Abbreviation</u>
Subsidiaries of the Company	
Paotze Investment Ltd.	Paotze
Hsin Tay Petroleum Co., Ltd	Hsin Tay Petroleum
He Mao Venture Capital Co., Ltd.	He Mao VC
Inadvance Holdings Ltd.	Inadvance
Ho Tung Cement Corp.	Ho Tung Cement
Hua Chung Co., Ltd.	Hua Chung
Signpost Enterprises Ltd.	Signpost
Chenergy Global Co., Ltd.	Chenergy
Top Device Investment Ltd. (Note 1)	Top Device
Sharpinvest International Ltd.	Sharpinvest
Ally Solution Ltd.	Ally Solution
Subsidiaries of Paotze	
Hsin Tay (Shanghai) Ltd.	Shanghai Hsin Tay
Nanjing He Sheng Pao New Energy Technology Co., Ltd	Nanjing He Sheng Pao
Jiangsu Jintung Chemical Corp., Ltd	Jiangsu Jintung
Jintung Petrochemical Corp., Ltd	Nanjing Jintung
Tianjin Tianzhi Fine Chemical Co., Ltd	Tianjin Tianzhi
Nanjing Kuan Hsin Optoelectronics Co., Ltd. (Note 2)	Nanjing Kuan Hsin
Xiamen Jintung Synthetic Detergent Co., Ltd.	Xiamen Jintung
Subsidiaries of Hsin Tay Petroleum	
Hsin Tay Ltd.	Hsin Tay
Subsidiaries of Signpost	
Signpost (HK) Ltd.	Signpost (HK)
Subsidiaries of Chenergy	
Big Success Co., Ltd.	Big Success

<u>Name and relationship of related parties</u>	<u>Abbreviation</u>
Subsidiaries of Jiangsu Jintung	
Jiangsu Jintung Surfactant Corp., Ltd.	Jiangbei Sutung
Subsidiaries of Nanjing Jintung	
Sichuan Jintung Fine Chemical Corp., Ltd.	Sichuan Fine
Anhui Jintung Fine Chemical Corp., Ltd	Anhui Jintung
Subsidiaries of Hsin Tay	
Beijing Tung Sheng Tai Trade Co., Ltd	Beijing Tung Sheng Tai
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd	Tianjin Hsing Tung
Oceanwise International Ltd.	Oceanwise
Subsidiaries of Signpost (HK)	
Chih Sheng (Huizhou) Petrochemical Co., Ltd	Chih Sheng Huizhou
Guangzhou Litze Chemical Co., Ltd	Guangzhou Litze

Note 1: In accordance to the organizational plan of the Group, Top Device was dissolved as approved by the Board of Directors on August 12, 2016. Shares were returned on September 20, 2016. Note 1: The dissolution procedure is still in progress.

Note 2: On April 4, 2023, the Qixia District People's Court, Nanjing City, Jiangsu Province accepted the case of bankruptcy and liquidation filed by Nanjing Kuan Hsin. Since it met the conditions for declaration of bankruptcy, the court was ruled to finalize the bankruptcy and liquidation on June 26, 2023. and the dissolution procedures were completed on August 11, 2023.

II. Approval Date and Procedures of the Consolidated Financial Statements

The accompanying parent company only financial statements were approved by the Board of Directors and issued on March 13, 2024.

III. Application of New and Amended Standards and Interpretations

- (I) The effects of application of the new and amended International Financial Reporting Standards (IFRSs), and International Accounting Standards (IASs) endorsed and issued into effect by the FSC.

New standards, interpretations and amendments of IFRSs and IASs endorsed and put into effect by FSC effective from 2023 are as follows:

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules"	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(II) Effect of new issuances of or amendments to IFRSs and IASs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments of IFRSs and IASs endorsed by FSC effective from 2024 are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16 "Lease Liabilities from Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities with Contractual Terms"	January 1, 2024
IAS 7 and IFRS 7 Amendments "Supplier Financing Arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(III) Effect of IFRSs and IASs issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments of IFRSs and IASs issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability "	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through other comprehensive income measured at fair value.
 - (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- 2 The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and put into effect by the Financial Supervisory Commission (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note V.

(III) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

1. Foreign currency transactions and balances
 - (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
 - (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".
2. Translation of foreign operations
 - (1) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are

translated into the presentation currency as follows:

- A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation that is partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company still retains partial interests in the former foreign subsidiaries after losing control of the former foreign subsidiaries, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (3) When the foreign operation that is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(IV) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets arising mainly from trading activities.
- (3) Assets that are expected to be realized within twelve months from the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle.
- (2) Liabilities arising mainly from trading activities.
- (3) Liabilities that are expected to be paid off within twelve months from the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(V) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational

purpose.

(VI) Financial assets measured at FVTOCI

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the Company's right to receive payment is established, it is probable the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VII) Financial assets at amortized cost

1. It refers to those who meet all following conditions at the same time:
 - (1) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - (2) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. On the basis of regular purchase or sale, financial assets at amortized cost are calculated using the transaction date accounting by the Company.
3. The Company measures the fair value plus transaction cost as at the time of its original recognition, and subsequently measures by adopting the effective interest method to recognize interest income and impairment losses during the circulation period according to the amortization procedure while the gain or loss shall be recognized in profit and loss as derecognition.
4. The time deposits held by the Company that do not qualify as cash equivalents are measured at the investment amount because they are held for a short period of time and the effect of discounting is not significant.

(VIII) Accounts receivable

1. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

The Company measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and provable information (including forward-looking information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the

12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset have expired.

(XI) Lease Transactions for the Lessors - Operating Leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

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

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

1. Subsidiaries are all entities, including structured entity, controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the investment cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss for the current period. All amounts previously recognized in other

comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss from equity when the Company loses control of a subsidiary.

6. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
7. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
8. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes changes in ownership interests in the associate in "capital surplus" in proportion to its ownership.
9. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless evidence is provided that an impairment of the asset transferred has occurred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for using equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
11. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
12. When the Company disposes of its associate, if it loses its significant influence on the said associate, the accounting treatment is the same as if the Company directly disposes of the relevant assets or liabilities for all the amounts previously recognized in other comprehensive income related to the said associate. That is, if the gains or losses previously recognized as other

comprehensive income are reclassified as profit or loss when the relevant assets or liabilities are disposed, the gains or losses are reclassified as profit or loss when the significant influence on the associate is lost. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

13. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus are reclassified to profit or loss proportionately.
14. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(XIV) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as an asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings (including affiliated facilities)	2 to 55 years
Machinery equipment	2 to 21 years
Leasehold improvements	2 years
Other equipment	3 to 21 years

(XV) Lease Transactions for the Lessees - Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payment is recognized as an expense using the straight-line method.
2. The lease liabilities are recognized as the present value of the lease payments that have not been paid at the lease commencement date discounted at the Company's incremental borrowing rate of interest. The lease payments include:
 - (1) Fixed payments, less any lease incentives receivable;
 - (2) Variable lease payments dependent upon certain indicators or rates;The subsequent interest method is used to measure the amortized cost method, and the interest expenses are set aside during the lease term. When a non-contractual modification causes a change in the lease period or lease payment, the lease liability will be reassessed and remeasured to adjust the right-of-use asset.
3. Right-of-use assets are recognized at cost on the commencement date of a lease. Cost includes:
 - (1) The original measured amount of the lease liability;
 - (2) Any lease payments paid on or before the commencement date;The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the lease liability is reassessed, any remeasurement of the lease liability will be adjusted using the right-of-use asset.

(XVI) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 21 ~ 35 years.

(XVII) Intangible assets

Computer software

Computer software is recognized at cost of acquisition and amortized on a straight-line method over its estimated useful life of 3 -10 years.

(XVIII) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Borrowings

1. Borrowings refer to short-term and long-term bank borrowings. Borrowings are

recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(XX) Notes and accounts payable

1. It refers to liabilities for purchases of raw materials, goods and services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged, canceled, or expires.

(XXII) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Definite contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are

recorded as retained earnings.

3. Employees' compensation and Directors' remuneration

Employees' compensation and Directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXIII) Income tax

1. The tax expense for the period comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or directly in equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It estimated income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income tax for unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported

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

(XXIV) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Company's equity holders.

(XXV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders meeting. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXVI) Revenue

Sales of goods

1. The Company is primarily engaged in manufacturing and selling of chemical and oil related products. If the customer's payables exceed the products rendered, a contract liability is recognized.
2. The products are delivered to purchasers when the control of the promised goods has been transferred to the purchasers and revenue is recognized when the control is transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
3. Because the Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, the Company does not adjust transaction prices to account for time value of money.

V.Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions at balance sheet date and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(I) Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent fund raising activities, fair value assessment of other companies of the same type, technical development status, market conditions and other economic indicators. Any changes in these judgments and estimates will impact the fair value measurement of these unlisted stocks. For the information concerning the fair value of financial assets, please refer to Note XII (III).

As of December 31, 2023, the carrying amount of unlisted (non-OTC) stocks without an active market held by the Company was \$101,424.

(II) Realization of deferred income tax assets

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred income tax assets requires key management's subjective and significant judgment and estimate, including the future revenue growth and profitability, the amount of tax credits can be utilized, and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred income tax assets.

The deferred income tax assets recognized by the Company as of December 31, 2023 was \$73,539.

VI.Details of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 190	\$ 190
Check accounts	369	352
Demand deposits	448,946	468,799
Time deposits	<u>276,390</u>	<u>168,905</u>
	<u>\$ 725,895</u>	<u>\$ 638,246</u>

1. The Company transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk so it expects that the probability of counter-party's default is remote.

2. The Company's restricted cash amounted to \$13,100 and \$133,947 respectively, as of December 31, 2023 and 2022, and recorded as "Financial assets at amortized cost - non-current" according to its liquidity. Please refer to Note VI (III) and Note VIII for relevant information.

(II) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed and OTC stocks	\$ 524,030	\$ 524,030
Unlisted stocks	<u>118,868</u>	<u>118,868</u>
	642,898	642,898
Valuation adjustment	<u>121,338</u>	<u>137,620</u>
Total	<u>\$ 764,236</u>	<u>\$ 780,518</u>

1. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of such investments as of December 31, 2023 and 2022 amounted to \$764,236 and \$780,518, respectively.
2. Details of financial assets at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	<u>(\$ 16,282)</u>	<u>(\$ 2,773)</u>
Dividend income recognized in profit or loss still held at the end of the current period	<u>\$ 54,594</u>	<u>\$ 45,408</u>

3. Wk Technology Fund Co., Ltd. reduced its capital in March 2021. The Company has received a refund of the capital reduction amounted to \$361. The company was dissolved on April 30, 2021 by the resolution of the shareholders' meeting. The Company has transferred its investment amount of \$334 under "other receivables". The Company collected \$19 and recognized \$315 of loss on disposal of investments in May, 2022.
4. Formosan Union Chemical Corp. distributed dividends from capital surplus in August 2022, and the Company regarded \$5,847 received as a deduction from cost.
5. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's financial assets measured at fair value through other comprehensive income was \$764,236 and \$780,518, respectively.
6. The Company has no financial assets measured at fair value through other comprehensive income pledged as collateral.
7. For information relating to the price risk of financial assets measured at fair value

through other comprehensive income and information on fair value, please refer to Note XII (II) and (III).

(III) Financial assets at amortized cost - non-current

Items	December 31, 2023	December 31, 2022
Non-current items:		
Restricted cash and cash equivalents	<u>\$ 13,100</u>	<u>\$ 133,947</u>

1. Details of financial assets at amortized cost recognized in profit or loss are as below:

	2023	2022
Interest income	<u>\$ 410</u>	<u>\$ 16</u>

2. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's financial assets measured at amortized cost was \$13,100 and \$133,947, respectively.

3. Please refer to Note VIII for the Company's financial assets measured at amortized cost having conditions of pledge/guarantee.

4. For other information relating to the credit risk of financial assets measured at amortized cost, please refer to Note XII (II).

(IV) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 474,342	\$ 340,299
Less: Loss allowance	<u>(228,836)</u>	<u>(228,836)</u>
	<u>\$ 245,506</u>	<u>\$ 111,463</u>

1. The aging analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 245,506	\$ 111,463
Past due		
Within 90 days	-	-
91-180 days	-	-
Over 181 days	<u>228,836</u>	<u>228,836</u>
	<u>\$ 474,342</u>	<u>\$ 340,299</u>

The above aging analysis is based on past due date.

2. The balances of receivables (including notes receivable) contracted by the Company and customers on December 31, 2023, December 31, 2022 and January 1, 2022 were \$474,342, \$340,299 and \$330,376, respectively.

3. The Company has no accounts receivable pledged as collateral.

4. As of December 31, 2023 and 2022, without taking into account any collateral held

or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$245,506 and \$111,463, respectively.

5. Information relating to credit risk of accounts receivable is provided in Note XII (II).

(V) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 127,691	\$ -	\$ 127,691
Finished goods	157,436	-	157,436
Merchandise inventories	44,088	-	44,088
Inventory in transit	854	-	854
	<u>\$ 330,069</u>	<u>\$ -</u>	<u>\$ 330,069</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 128,891	\$ -	\$ 128,891
Finished goods	83,852	-	83,852
Merchandise inventories	18,026	-	18,026
	<u>\$ 230,769</u>	<u>\$ -</u>	<u>\$ 230,769</u>

The inventory-related expenses and losses recognized in the current period:

	2023	2022
Cost of inventories sold	\$ 3,430,035	\$ 4,164,219
Gain on physical inventory	-	(3,979)
Unallocated fixed manufacturing overheads	<u>34,275</u>	<u>25,611</u>
	<u>\$ 3,464,310</u>	<u>\$ 4,185,851</u>

(VI) Investment accounted for using equity method

1. Details are as follows:

Name of subsidiaries and associates	December 31, 2023	December 31, 2022
Asset accounts listed:		
<u>Subsidiaries</u>		
Paotze	\$ 8,068,694	\$ 7,805,433
Hsin Tay Petroleum	890,662	885,533
He Mao VC	146,267	145,129
Inadvance	236,742	230,593
Ho Tung Cement	490,789	438,289
Signpost	442,258	430,780
Chenergy	391,960	443,487
Top Device	31,967	31,967
Sharpinvest	14,510	16,051
Ally Solution	349,676	481,037
Less: Treasury stock	(78,973)	(78,973)
Subtotal	<u>10,984,552</u>	<u>10,829,326</u>
<u>Associate</u>		
Tung Bao Co., Ltd. (Tung Bao)	<u>320,498</u>	<u>315,255</u>
	<u>\$ 11,305,050</u>	<u>\$ 11,144,581</u>

<u>Subsidiaries</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Liabilities accounts listed (other non-current liabilities listed):		
<u>Subsidiaries</u>		
Hua Chung	<u>\$ 66,747</u>	<u>\$ 66,039</u>

2. The Company's stocks held by subsidiaries are treated as treasury stocks. Details are as follows:

<u>Name of subsidiaries</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Paotze	<u>\$ 78,973</u>	<u>\$ 78,973</u>

3. The share of profit/loss of associates accounted for using equity method is as follows:

Name of subsidiaries and associates	2023	2022
<u>Subsidiaries</u>		
Paotze	\$ 432,880	\$ 205,915
Hsin Tay Petroleum	85,914	2,284
He Mao VC	1,151	539
Inadvance	11,112	8,037
Ho Tung Cement	126,034	60,848
Hua Chung	(896)	(860)
Signpost	20,652	14,945
Chenergy	16,863	(63,288)
Top Device	-	-
Sharinvest	(788)	(149)
Ally Solution	(80)	(93)
Subtotal	692,842	228,178
<u>Associate</u>		
Tung Bao	22,959	22,627
	22,959	22,627
	<u>\$ 715,801</u>	<u>\$ 250,805</u>

4. The information about the Company's subsidiaries is provided in the Note IV (III) in the Company's consolidated financial statements for the year ended December 31, 2023.
5. In January 2022, the Company approved to acquire 165,754 shares of Ho Tung Cement from non-related party, in amount of \$3,203 with NT\$19.33 per share. The shareholding ratio increased from 92.71% to 93.27%, and the relevant change registration procedures have been completed. In December 2023, the Company approved to acquire 445,094 shares of Ho Tung Cement from related party - Ya Tung Investment in amount of \$7,789, with NT\$17.5 per share. The shareholding ratio increased from 93.27% to 94.78%, and the relevant change registration procedures have been completed.
6. In January 2022, the Company approved to acquire 11,228 shares of Hua Chung from non-related party in amount of \$296 with NT\$26.41 per share. The shareholding ratio increased from 72.11% to 72.67%, and the relevant change registration procedures have been completed.
7. In December 2023, the Company approved to acquire 322,633 shares of Chenergy with NT\$16.5 per share and total amounted to \$5,324, shareholding ratio increased from 99.42% to 99.99% from related party - Ya Tung Investment. The relevant change registration procedures have been completed.
8. Summary of financial information of the Company's associates is as follows:

	Assets	Liabilities	Revenue	Comprehensive income	Shareholding percentage
December 31, 2023					
Tung Bao	<u>\$1,013,102</u>	<u>\$81,851</u>	<u>\$330,134</u>	<u>\$67,526</u>	34%
December 31, 2022					
Tung Bao	<u>\$1,002,928</u>	<u>\$87,102</u>	<u>\$344,136</u>	<u>\$66,551</u>	34%

9. Among the shares of profits or losses arising from the subsidiaries and associates accounted for using equity method, The investee companies, including Hsin Tay Petroleum, Hua Chung, Ho Tung Cement, Chenergy and Tung Bao, were recognized in 2023 based on the financial statements audited by the independent auditors appointed by each company. The investee companies, including Hsin Tay Petroleum, He Mao VC, Hua Chung, Ho Tung Cement, Chenergy, Sharpinvest, and Tung Bao, were recognized in 2022 based on the financial statements audited by the independent auditors appointed by each company.

10. The Company has no investments accounted for using equity method pledged as collateral.

(VII) Property, plant, and equipment

	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvements	Unfinished construction and Equipment to be inspected	Total
January 1, 2023							
Cost	\$ 229,092	\$ 233,025	\$ 890,410	\$ 309,963	\$ -	\$ 3,105	\$ 1,665,595
Accumulated depreciation	-	(163,305)	(753,059)	(181,087)	-	-	(1,097,451)
Accumulated impairment	-	(8,679)	(66,190)	(7,880)	-	-	(82,749)
	<u>\$ 229,092</u>	<u>\$ 61,041</u>	<u>\$ 71,161</u>	<u>\$ 120,996</u>	<u>\$ -</u>	<u>\$ 3,105</u>	<u>\$ 485,395</u>
2023							
January 1	\$ 229,092	\$ 61,041	\$ 71,161	\$ 120,996	\$ -	\$ 3,105	\$ 485,395
Additions	-	-	-	-	15,570	50,894	66,464
Disposals	-	-	(12)	(12)	-	-	(24)
Transfer	-	3,600	24,143	3,229	-	(31,379)	(407)
Depreciation	-	(4,450)	(23,805)	(23,126)	(7,136)	-	(58,517)
December 31	<u>\$ 229,092</u>	<u>\$ 60,191</u>	<u>\$ 71,487</u>	<u>\$ 101,087</u>	<u>\$ 8,434</u>	<u>\$ 22,620</u>	<u>\$ 492,911</u>
December 31, 2023							
Cost	\$ 229,092	\$ 235,866	\$ 902,422	\$ 311,526	\$ 15,570	\$ 22,620	\$ 1,717,096
Accumulated depreciation	-	(167,000)	(764,745)	(202,561)	(7,136)	-	(1,141,442)
Accumulated impairment	-	(8,675)	(66,190)	(7,878)	-	-	(82,743)
	<u>\$ 229,092</u>	<u>\$ 60,191</u>	<u>\$ 71,487</u>	<u>\$ 101,087</u>	<u>\$ 8,434</u>	<u>\$ 22,620</u>	<u>\$ 492,911</u>

	Land	Buildings	Machinery equipment	Other equipment	Unfinished construction and Equipment to be inspected	Total
January 1, 2022						
Cost	\$ 229,092	\$ 231,795	\$ 874,534	\$ 307,111	\$ 4,280	\$ 1,646,812
Accumulated depreciation	-	(158,694)	(729,766)	(157,901)	-	(1,046,361)
Accumulated impairment	-	(8,679)	(66,190)	(7,880)	-	(82,749)
	<u>\$ 229,092</u>	<u>\$ 64,422</u>	<u>\$ 78,578</u>	<u>\$ 141,330</u>	<u>\$ 4,280</u>	<u>\$ 517,702</u>
2022						
January 1	\$ 229,092	\$ 64,422	\$ 78,578	\$ 141,330	\$ 4,280	\$ 517,702
Additions	-	-	-	-	21,994	21,994
Disposals	-	-	(12)	-	-	(12)
Transfer	-	1,455	16,997	3,038	(23,169)	(1,679)
Depreciation	-	(4,836)	(24,402)	(23,372)	-	(52,610)
December 31	<u>\$ 229,092</u>	<u>\$ 61,041</u>	<u>\$ 71,161</u>	<u>\$ 120,996</u>	<u>\$ 3,105</u>	<u>\$ 485,395</u>
December 31, 2022						
Cost	\$ 229,092	\$ 233,025	\$ 890,410	\$ 309,963	\$ 3,105	\$ 1,665,595
Accumulated depreciation	-	(163,305)	(753,059)	(181,087)	-	(1,097,451)
Accumulated impairment	-	(8,679)	(66,190)	(7,880)	-	(82,749)
	<u>\$ 229,092</u>	<u>\$ 61,041</u>	<u>\$ 71,161</u>	<u>\$ 120,996</u>	<u>\$ 3,105</u>	<u>\$ 485,395</u>

1. For the information relating to property, plant and equipment pledged as collateral, please refer to Note VIII.
2. Information related to transfer of assets is provided in Note VI (XXVIII).

(VIII) Lease transaction – Lessee

1. The underlying assets of the Company's lease were land and other equipment, and the terms of the lease contract was between 2020 and 2070. The lease contract is negotiated individually and contains various terms and conditions.
2. The lease terms of the buildings leased by the Company were not exceed 12 months, and the lease of office equipment is a low-value subject asset.
3. The carrying amount of right-of-use assets and depreciation expense recognized are shown as follows:

2023			
	Land	Other equipment	Total
January 1, 2023			
Cost	\$ 1,345	\$ 45,080	\$ 46,425
Accumulated depreciation	(81)	-	(81)
	<u>\$ 1,264</u>	<u>\$ 45,080</u>	<u>\$ 46,344</u>
January 1	\$ 1,264	\$ 45,080	\$ 46,344
Depreciation	(27)	(22,198)	(22,225)
December 31	<u>\$ 1,237</u>	<u>\$ 22,882</u>	<u>\$ 24,119</u>
December 31			
Cost	\$ 1,345	\$ 45,080	\$ 46,425
Accumulated depreciation	(108)	(22,198)	(22,306)
	<u>\$ 1,237</u>	<u>\$ 22,882</u>	<u>\$ 24,119</u>
2022			
	Land	Other equipment	Total
January 1, 2022			
Cost	\$ 1,345	\$ -	\$ 1,345
Accumulated depreciation	(54)	-	(54)
	<u>\$ 1,291</u>	<u>\$ -</u>	<u>\$ 1,291</u>
January 1	\$ 1,291	\$ -	\$ 1,291
Additions	-	45,080	45,080
Depreciation	(27)	-	(27)
December 31	<u>\$ 1,264</u>	<u>\$ 45,080</u>	<u>\$ 46,344</u>
December 31			
Cost	\$ 1,345	\$ 45,080	\$ 46,425
Accumulated depreciation	(81)	-	(81)
	<u>\$ 1,264</u>	<u>\$ 45,080</u>	<u>\$ 46,344</u>

4. The profit and loss items related to lease contracts are shown as follows:

	2023	2022
<u>Items affecting profit or loss for the current period</u>		
Interest expense of lease liabilities	\$ 818	\$ -
Expenses arising from short-term lease contracts	122	265
Expenses relating to low-value asset leases	27	36

5. The total cash outflows arising from the Company's leases for the years ended December 31, 2023 and 2022 were \$22,900 and \$301, respectively.
6. The Company rented equipment from related parties in 2023 and 2022. Please refer to Note VII (II) 7 for details.

(IX) Investment property

	Land	Buildings	Total
January 1, 2023			
Cost	\$ 170,682	\$ 6,040	\$ 176,722
Accumulated depreciation	-	(4,249)	(4,249)
	<u>\$ 170,682</u>	<u>\$ 1,791</u>	<u>\$ 172,473</u>
<u>2023</u>			
January 1	\$ 170,682	\$ 1,791	\$ 172,473
Depreciation	-	(232)	(232)
December 31	<u>\$ 170,682</u>	<u>\$ 1,559</u>	<u>\$ 172,241</u>
December 31, 2023			
Cost	\$ 170,682	\$ 6,040	\$ 176,722
Accumulated depreciation	-	(4,481)	(4,481)
	<u>\$ 170,682</u>	<u>\$ 1,559</u>	<u>\$ 172,241</u>
	Land	Buildings	Total
January 1, 2022			
Cost	\$ 8,658	\$ 6,040	\$ 14,698
Accumulated depreciation	-	(4,017)	(4,017)
	<u>\$ 8,658</u>	<u>\$ 2,023</u>	<u>\$ 10,681</u>
<u>2022</u>			
January 1	\$ 8,658	\$ 2,023	\$ 10,681
Additions	162,024	-	162,024
Depreciation	-	(232)	(232)
December 31	<u>\$ 170,682</u>	<u>\$ 1,791</u>	<u>\$ 172,473</u>
December 31, 2022			
Cost	\$ 170,682	\$ 6,040	\$ 176,722
Accumulated depreciation	-	(4,249)	(4,249)
	<u>\$ 170,682</u>	<u>\$ 1,791</u>	<u>\$ 172,473</u>

1. Rental income from the lease of the investment property and direct operating expenses arising from the investment property:

	2023	2022
Rental income from investment property	<u>\$ 571</u>	<u>\$ 488</u>
Direct operating expenses arising from rental income	<u>\$ 277</u>	<u>\$ 266</u>

generated from investment properties for the period

2. As of December 31, 2023 and 2022, the fair value of the investment property held by the Company was \$190,442 and \$185,892 respectively. The evaluated fair value was based on the transaction prices of similar properties in the same area, belonging to fair value of Level 3.
3. The Company acquired investment property from related parties in 2022. Please refer to Note VII (II) 6 for details.
4. The Company has no investment property pledged as collateral.

(X) Intangible assets

	Computer software	
	2023	2022
January 1		
Cost	\$ 6,736	\$ 4,641
Accumulated amortization	(1,080)	(499)
	<u>\$ 5,656</u>	<u>\$ 4,142</u>
January 1	\$ 5,656	\$ 4,142
Additions	1,761	416
Transfer	407	1,679
Amortization	(1,060)	(581)
December 31	<u>\$ 6,764</u>	<u>\$ 5,656</u>
December 31		
Cost	\$ 8,904	\$ 6,736
Accumulated amortization	(2,140)	(1,080)
	<u>\$ 6,764</u>	<u>\$ 5,656</u>

1. Details of the amortization of intangible assets are as follows:

	2023	2022
Selling expenses	<u>\$ 1,060</u>	<u>\$ 581</u>

2. Information related to transfer of financial assets is provided in Note VI (XXVIII).

(XI) Short-term loans

Loan type	December 31, 2023	Interest range
Bank credit loan	<u>\$ 155,000</u>	1.95%~2.10%
Issue guaranteed bill	<u>\$ 1,422,130</u>	

Loan type	December 31, 2022	Interest range
Bank credit loan	\$ 275,000	2.15%~2.54%
Bank purchase loan	<u>80,000</u>	2.12%
	<u>\$ 355,000</u>	
Issue guaranteed bill	<u>\$ 1,222,130</u>	

(XII) Long-term loans

Loan type	December 31, 2023	Interest range
Collateralized loan from bank	\$ 1,491,000	2.27%
Less: Deferred financing expenses	<u>(1,650)</u>	
	<u>\$ 1,489,350</u>	
Issue guaranteed bill	<u>\$ 1,606,500</u>	

Loan type	December 31, 2022	Interest range
Collateralized loan from bank	\$ 1,122,000	2.59%
Less: Syndicated loan fee	<u>(1,395)</u>	
Less: Portion due within one year	<u>(462,000)</u>	
	<u>\$ 658,605</u>	
Issue guaranteed bill	<u>\$ 1,750,000</u>	

- (1) The Company signed a 5-year credit facility contract with Hua Nan Commercial Bank on July 19, 2023 to repay the current syndicated loan. The total credit facilities were \$1,606,500, which cannot be revolved. As of December 31, 2023, the loans utilized under the credit line amounted to \$1,491,000, which is repayable in two years from the date of drawdown, with a grace period of two years for the principal amount, and 1% of the principal is amortized monthly after the grace period, with the remaining balance repayable at maturity and the remaining loans will be repaid upon maturity.
- (2) The Company pledged the following 15 plots of Land No. 474, 474-1, 481, 488, 503, 504, 505, 507, 508, 523, 524, 525, 526, 527 and 528 in Zhuyuan Se, Renwu Dist., Kaohsiung City, five buildings and their affiliated facilities of Building No. 1, 797-1, 797-2, 797-3, and 804 in Zhuyuan Se, Renwu Dist., Kaohsiung City, Land No. 124 in Zhongxing Se, Wugu District., New Taipei city, building No. 211, 213, 215, 217, 219, 221, 223, 225, 227 and their

affiliated facilities of Land No. 8 in Dayou Se, Sanchong Dist., New Taipei City as collaterals for the aforementioned bank loan.

2. (1) The Company signed a syndicated loan contract with Land Bank of Taiwan and other guarantee banks on December 28, 2018. The syndicated loan was fully repaid in advance in Q3 2023.

Type A: The loan amount of Type A is \$1,650,000 with a non-revolving credit line. On January 28, 2019, the drawdown took place, and its amount was \$1,650,000. The repayment method is to repay the loan in quarterly installments starting from two years after the drawdown (i.e., January 28, 2021).

Type B: The loan limit of Type B is \$100,000 with a revolving credit line. When assessing the cost of capital, the Company has canceled this amount.

- (2) The main contents of this syndicated loan are as follows:

- a. In the duration of the syndicated loan, the Company cannot provide endorsement for third parties without permission from a majority of the lending banks except for general capital lending and endorsement that follows the endorsement procedures.
- b. In the duration of the syndicated loan, annual financial reports should maintain financial ratios as follows:
 - (a) Current ratio: No less than 100%.
 - (b) Debt ratio: No higher than 100%.
 - (c) Time interest earned: No less than (including) 2 times.
 - (d) Tangible net value: No less than \$8,000,000.
- c. The Company pledged as the security of the loan the 15 plots of Land No. 474, 474-1, 481, 488, 503, 504, 505, 507, 508, 523, 524, 525, 526, 527 and 528 in Zhuyuan Se, Renwu Dist., Kaohsiung City, five buildings and their affiliated facilities of Building No. 1, 797-1, 797-2, 797-3, and 804 in Zhuyuan Se, Renwu Dist., Kaohsiung City, Land No. 124 in Zhongxing Se, Wugu District., New Taipei city, building No. 211, 213, 215, 217, 219, 221, 223, 225, 227 and their affiliated facilities of Land No. 8 in Dayou Se, Sanchong Dist., New Taipei City.

The aforementioned financial ratios and restrictions are calculated based on the annual consolidated financial statements audited by independent auditors and the consolidated financial statements reviewed by independent auditors as of and for the periods ended June 30 each year. Inspection shall be conducted semi-annually. The date for annual inspection is March 31 of each year and the date for semi-annual inspection is August 15 of each year. If the Company breaches the agreements, it should take remedial measures in order to meet all the criteria of financial ratios and restrictions before the next inspection date (herein referred to as remedial period). If the financial ratios improve and meet all the criteria and restrictions within the remedial period, it is not deemed as a breach to the agreements. However, from the inspection date to the date when the improvement is actually made, interest will be charged at the applicable rate plus an annual rate of 0.20%. If the Company failed to meet the criteria and restrictions within the remedial period, it is deemed as a breach to the agreements. The administering bank is entitled with the right to take actions in accordance the contract. Actions that the administering bank can take include but are not limited to the following actions:

- a. Partially or fully suspend the borrower's right to drawdown the loan.
 - b. Partially or fully cancel the loan amount that has not been drawn down.
 - c. Declare that all the principal balance outstanding, interest, fees and other payables under the loan contract are partially or fully due immediately.
 - d. Exercise the right of mortgage, the right of lien, other rights or the rights conferred by the contract.
 - e. Request the Company to repay the loan with the promissory note.
 - f. Enforce other rights that have been entitled to the administering bank and other lending banks under the laws, the contract or other related documents.
 - g. Take other actions upon which the majority of the lending banks agreed.
3. For the information about collaterals that the Company pledged for long-term borrowings as of December 31, 2023, please refer to Note VIII.
 4. The Company does not have undrawn loan amount that are due over one year.

(XIII) Pensions

1. (1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

- (2) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 29,819)	(\$ 30,696)
Fair value of plan assets	34,479	35,078
Net defined benefit assets	<u>\$ 4,660</u>	<u>\$ 4,382</u>

- (3) Changes in net defined benefit assets were as follows:

	Defined benefit defined obligations	plan assets Fair value	Present value of net Benefit assets
2023			
Balance as of January 1	(\$ 30,696)	\$ 35,078	\$ 4,382
Interest income (expense)	(384)	438	54
	(31,080)	35,516	4,436
Remeasurement:			
Return on plan assets (not including interest revenue or expenses)	-	165	165
Experience adjustment	59	-	59
	59	165	224
Pension paid	1,202	(1,202)	-
Balance as of December 31	(\$ 29,819)	\$ 34,479	\$ 4,660
	Defined benefit defined obligations	plan assets Fair value	Present value of net Benefit assets
2022			
Balance as of January 1	(\$ 30,966)	\$ 33,286	\$ 2,320
Interest income (expense)	(185)	200	15
	(31,151)	33,486	2,335
Remeasurement:			
Return on plan assets (not including interest revenue or expenses)	-	2,791	2,791
Effect of changes in financial assumptions	831	-	831
Experience adjustment	(1,575)	-	(1,575)
	(744)	2,791	2,047
Pension paid	1,199	(1,199)	-
Balance as of December 31	(\$ 30,696)	\$ 35,078	\$ 4,382

- (4) Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). The utilization of the fund is overseen by the Fund's supervisory committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the

classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	1.25%	1.25%
Future salary increase rate	2.00%	2.00%

Future morality rate was estimated based on the Annuity Mortality Table. Due to changes in the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 504)	\$ 516	\$ 515	(\$ 497)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 612)	\$ 626	\$ 627	(\$ 604)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (6) Expected contributions to the defined benefit pension plans of the Company in 2024 will be \$0.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 7.2 years. The maturity analysis of the pension payments is as follows:

Year	Payment of employee benefits	
2024	\$	26,988
2025		1,665
2026		412
2027		-
2028		-
2029		165
2030		-
2031		-
	\$	<u>29,230</u>

- (1) Effective starting from July 1, 2005, the Company established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (2) Under the aforementioned pension plan, the Company recognized pension costs of \$3,878 and \$3,576 for the years ended December 31, 2023 and 2022, respectively.

(XIV) Share capital

1. As of December 31, 2023, the Company's authorized capital was \$11,000,000 and the paid-in capital was \$10,168,248 with a par value of NT\$10 per share, consisting of 1,016,825 thousand shares of common stock. All proceeds from shares issued have been collected.
2. Movements in the number of the Company's common shares outstanding are as follows:

	2023	2022
January 1/ December 31	<u>1,016,825 thousand shares</u>	<u>1,016,825 thousand shares</u>

3. Treasury stock

- (1) Information about the equity of the Company's shares held by subsidiaries is as follows:

Company name	December 31, 2023		December 31, 2022	
	Number of shares (in thousand shares)	Book value	Number of shares (in thousand shares)	Book value
Paotze (Note)	10,142	<u>\$ 78,973</u>	10,142	<u>\$ 78,973</u>

Note: (1) The Company's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares.

- (2) Ho Tung Cement disposed of 3,518 thousand shares of the Company in July 2022, with a carrying amount of \$16,978, for

\$34,196 in total.

- (2) Securities and Exchange Act stipulates that the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (3) The treasury stock held by the Company may not be pledged under the Securities and Exchange Act and is not entitled to shareholders' rights until it is transferred.
- (4) According to the Securities and Exchange Act, shares repurchased for transfer to employees must be transferred within five years from the repurchase date. Failure to transfer the shares within the specified period will be regarded as unissued shares by the company, and the registration for cancellation of shares must be processed. Shares repurchased to maintain the company's credibility and shareholder rights should undergo registration changes for share cancellation within six months from the repurchase date.

(XV) Capital surplus

According to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to stockholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023			
	Issue premium	Treasury stocks Transaction	Difference between price received from acquisition or disposal of a subsidiary and its book value	Total
January 1	\$ 8	\$ 67,904	\$ 8,389	\$ 76,301
Transaction with non-controlling interests	-	-	(1,791)	(1,791)
Cash dividends received by subsidiaries from the parent company	-	1,014	-	1,014
December 31	<u>\$ 8</u>	<u>\$ 68,918</u>	<u>\$ 6,598</u>	<u>\$ 75,524</u>

	2022			
	Issue premium	Treasury stocks Transaction	Difference between price received from acquisition or disposal of a subsidiary and its book value	Total
January 1	\$ 8	\$ 47,930	\$ 9,155	\$ 57,093
Transaction with non-controlling interests	-	-	(766)	(766)
Disposal of parent company's shares by a subsidiary is deemed to be a treasury stock transaction	-	15,938	-	15,938
Cash dividends received by subsidiaries from the parent company	-	4,036	-	4,036
December 31	<u>\$ 8</u>	<u>\$ 67,904</u>	<u>\$ 8,389</u>	<u>\$ 76,301</u>

(XVI) Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses; then, 10% of the remaining amount shall be set aside as legal reserve. If, after setting aside the remaining amount as special reserve, there are still earnings, the remaining amount shall be retained or appropriated in accordance with the resolution made by the stockholders' meeting. When appropriating earnings, the Company shall first distribute dividends, which shall not exceed 10% of the unappropriated earnings.
2. The Company's dividend policy stipulates that the percentage of distribution of cash dividends shall be no lower than 10% but the percentage can be adjusted in accordance with the expected needs of funds and capital expenditure. If there are extra needs of funds due to plant expansion plan in the same year or investment plan for the future, earnings can be distributed fully in stock dividends.
3. The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. (1) The appropriation of 2021 earnings has been approved at the annual stockholders' meeting on June 23, 2022, and the details are summarized

below:

	2021	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 72,195	
Special reserve	(270,912)	
Cash dividend	<u>427,066</u>	\$ 0.42
	<u>\$ 228,349</u>	

- (2) The appropriation of 2022 earnings has been approved at the annual stockholders' meeting on June 21, 2023, and the details are summarized below:

	2022	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 37,787	
Special reserve	459,136	
Cash dividend	<u>101,682</u>	\$ 0.10
	<u>\$ 598,605</u>	

(XVII) Other equity items

	2023		
	Unrealized gain (loss) on valuation	Foreign currency translation	Total
January 1	(\$ 582,306)	(\$ 110,679)	(\$ 692,985)
- The Company	(16,282)	(199,113)	(215,395)
- Subsidiaries	(282,587)	-	(282,587)
- Valuation adjustment transferred to retained earnings	<u>39,085</u>	<u>-</u>	<u>39,085</u>
December 31	<u>(\$ 842,090)</u>	<u>(\$ 309,792)</u>	<u>(\$ 1,151,882)</u>

	2022		
	Unrealized gain (loss) on valuation	Foreign currency translation	Total
January 1	\$ 285,564	(\$ 519,414)	(\$ 233,850)
- The Company	(2,773)	408,735	405,962
- Subsidiaries	<u>(865,097)</u>	<u>-</u>	<u>(865,097)</u>
December 31	<u>(\$ 582,306)</u>	<u>(\$ 110,679)</u>	<u>(\$ 692,985)</u>

(XVIII) Operating revenue

	2023	2022
Revenue from Contracts with Customers		
Sales revenue	<u>\$ 3,501,897</u>	<u>\$ 4,473,351</u>

1. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	2023				
	Taiwan	China	Southeast Asia	Others	Total
Chemicals	<u>\$ 172,046</u>	<u>\$ 2,041,806</u>	<u>\$ 1,100,907</u>	<u>\$ 187,138</u>	<u>\$ 3,501,897</u>
	2022				
	Taiwan	China	Southeast Asia	Others	Total
Chemicals	<u>\$ 184,084</u>	<u>\$ 2,789,664</u>	<u>\$ 1,033,198</u>	<u>\$ 466,405</u>	<u>\$ 4,473,351</u>

2. Contract liabilities

As of December 31, 2023 and 2022, the Company recognized the contract liabilities as below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liability –			
advance receipts	<u>\$ 1,931</u>	<u>\$ 1,842</u>	<u>\$ 756</u>

Revenue recognized that was included in the contract liability balance at the beginning of the period

	2023	2022
Opening balance of contract liabilities		
recognized as income for the period		
Advance receipts	<u>\$ 1,842</u>	<u>\$ 756</u>

Interest income

	2023	2022
Interest received from bank deposits	<u>\$ 21,093</u>	<u>\$ 4,922</u>
Interest income on financial assets at		
amortized cost	<u>410</u>	<u>16</u>
	<u>\$ 21,503</u>	<u>\$ 4,938</u>

(XX) Other income

	2023	2022
Dividend income	\$ 54,594	\$ 45,408
Other income - others	11,581	14,655
	<u>\$ 66,175</u>	<u>\$ 60,063</u>

(XXI) Other gains and losses

	2023	2022
Net foreign exchange (loss) gain	(\$ 3,920)	\$ 105,262
Gain on disposal of property, plant, and equipment	274	25
Loss on disposal of investments	-	(315)
Other expenses	(7,414)	(2,752)
	<u>(\$ 11,060)</u>	<u>\$ 102,220</u>

(XXII) Finance costs

	2023	2022
Interest expense:		
Bank loans	\$ 38,461	\$ 31,388
Lease liabilities - discounted amortization	818	-
	<u>\$ 39,279</u>	<u>\$ 31,388</u>

(XXIII) Expenses by nature

	2023		
	Cost	Expenses	Total
Employee benefit expenses	\$ 49,055	\$ 73,595	\$ 122,650
Depreciation on property, plant and equipment	48,895	9,622	58,517
Depreciation of right-of-use assets	27	22,198	22,225
Depreciation of investment property	-	232	232
Amortization of intangible assets	7	1,053	1,060

	2022		
	Cost	Expenses	Total
Employee benefit expenses	\$ 43,388	\$ 67,325	\$ 110,713
Depreciation on property, plant and equipment	50,115	2,495	52,610
Depreciation of right-of-use assets	27	-	27
Depreciation of investment property	-	232	232
Amortization of intangible assets	-	581	581

(XXIV) Employee benefit expenses

	2023	2022
Salary expense	\$ 99,374	\$ 90,147
Labor insurance and National Health Insurance expense	8,346	7,220
Pension expense	3,824	3,561
Directors' remuneration	5,846	4,296
Other personnel cost	5,260	5,489
	<u>\$ 122,650</u>	<u>\$ 110,713</u>

1. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and Directors' and Supervisors' remuneration. The ratio shall be no less than 1% for employees' compensation and shall not be higher than 3% for Directors' remuneration.
2. In 2023 and 2022, employees' compensation was accrued at \$11,691 and \$4,296, respectively while directors' remuneration was accrued at \$5,846 and \$4,296, respectively. The aforementioned amounts were recognized in salary expenses.

For the year ended December 31, 2023, it was accrued based on 2% and 1% of distributable profit for that year. The resolved amounts as approved by the Board of Directors were \$11,691 and \$5,846, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and Directors' remuneration in 2022 approved by the Board of Directors on March 15, 2023 were \$4,296 and \$4,296, respectively, in consistency with amounts recorded in 2022 financial statements.

Employees' compensation and directors remuneration of the Company as resolved by the Board of Directors will be posted on the Market Observation Post System website.

(XXV) Income tax

1. (1) Components of income tax expense (benefit):

	2023	2022
Current income tax:		
Income tax incurred in current period	\$ -	\$ 16,104
Surtax on unappropriated earnings	-	19,281
Overestimation of prior year's income tax payable	(11,881)	(1,498)
Total current income tax	(11,881)	33,887
Deferred income tax:		
Initial recognition and reversal of temporary differences	15,001	16,942
Tax losses	(35,166)	-
Total deferred income tax	(20,165)	16,942
Income tax (benefit) expense	(\$ 32,046)	\$ 50,829

(2) The income tax relating to components of other comprehensive income is as follows:

	2023	2022
Remeasurement of defined benefit obligations	(\$ 45)	(\$ 409)

2. Reconciliation between income tax expense (benefit) and accounting profits:

	2023	2022
Income tax calculated based on profit before tax and at the statutory rate	\$ 113,403	\$ 84,211
Income tax impact of items excluded according to tax regulations.	-	(855)
Income tax impact of tax-exempt items according to tax regulations.	(123,086)	(59,243)
Overestimation of prior year's income tax payable	(11,882)	(1,498)
Change in realizability evaluation of deferred income tax assets	(10,481)	8,933
Surtax on unappropriated earnings	-	19,281
Income tax (benefit) expense	(\$ 32,046)	\$ 50,829

3. The amounts of deferred tax assets or liabilities as a result of temporary differences and tax loss are as follows:

2023				
	January 1	Recognized in profit or loss	Recognized in other Comprehensive net profit	December 31
Deferred income tax assets:				
-Temporary difference:				
Unrealized exchange loss	\$ 12,596	(\$ 9,996)	\$ -	\$ 2,600
Impairment loss on property, plant and equipment	12,175	(2,338)	-	9,837
Unrealized selling gross profit	1,360	(2,668)	-	(1,308)
Compensation to unused annual leave	246	-	-	246
Expected credit impairment loss	26,998	-	-	26,998
-Deductible loss	<u>-</u>	<u>35,166</u>	<u>-</u>	<u>35,166</u>
Subtotal	<u>53,375</u>	<u>20,164</u>	<u>-</u>	<u>73,539</u>
- Deferred income tax liabilities:				
Pension remeasurements	(3,771)	-	(45)	(3,816)
Subtotal	<u>(3,771)</u>	<u>-</u>	<u>(45)</u>	<u>(3,816)</u>
Total	<u>\$ 49,604</u>	<u>\$ 20,164</u>	<u>(\$ 45)</u>	<u>\$ 69,723</u>

2022				
	January 1	Recognized in profit or loss	Recognized in other Comprehensive net profit	December 31
Deferred income tax assets:				
-Temporary difference:				
Unrealized exchange loss	\$ 900	\$ 11,696	\$ -	\$ 12,596
Impairment loss on property, plant and equipment	14,335	(2,160)	-	12,175
Unrealized selling gross profit	10	1,350	-	1,360
Compensation to unused annual leave	246	-	-	246
Expected credit impairment loss	26,998	-	-	26,998
-Deductible loss	<u>27,828</u>	<u>(27,828)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>70,317</u>	<u>(16,942)</u>	<u>-</u>	<u>53,375</u>
- Deferred income tax liabilities:				
Pension remeasurements	(3,362)	-	(409)	(3,771)
Subtotal	<u>(3,362)</u>	<u>-</u>	<u>(409)</u>	<u>(3,771)</u>
Total	<u>\$ 66,955</u>	<u>(\$ 16,942)</u>	<u>(\$ 409)</u>	<u>\$ 49,604</u>

4. The expiry dates and the amount of unused tax losses that are not yet utilized and the unrecognized deferred tax assets by the Company are as follows:

December 31, 2023				
Year incurred	Amount for filling/ Approved Amount	Non Deductible Amount	Unrecognized deferred Income tax assets amount	Final Year of credit
2021	\$ 53,716	\$ 52,403	\$ -	2031
2023	123,429	123,429	-	2033

December 31, 2022				
Year incurred	Amount for filling/ Approved Amount	Non Deductible Amount	Unrecognized deferred Income tax assets amount	Final Year of credit
2021	\$ 53,716	\$ 52,403	\$ 52,403	2031

5. The profit-seeking enterprise income tax of the Company is approved by the taxation authority till 2021.

(XXVI) Earnings per share

2023			
	Income after tax	Weighted average number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share :</u>			
Net profit for the period	\$ 599,062	1,006,683	\$ 0.60
<u>Diluted earnings per share :</u>			
Net profit for the period	\$ 599,062	1,006,683	
Effect on employees compensation of dilutive potential common shares	-	1,379	
Net income for the period attributable to ordinary shareholders plus effect of potential common shares	\$ 599,062	1,008,062	\$ 0.59

2022			
	Income after tax	Weighted average number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share :</u>			
Net profit for the period	\$ 370,225	1,004,659	\$ 0.37
<u>Diluted earnings per share :</u>			
Net profit for the period	\$ 370,225	1,004,659	
Effect on employees compensation of dilutive potential common shares	-	648	
Net income for the period attributable to ordinary shareholders plus effect of potential common shares	\$ 370,225	1,005,307	\$ 0.37

(XXVII) Transactions with non-controlling interests

1. The Company acquired an additional 0.56% of the issued shares of Ho Tung Cement on January 27, 2022 for \$3,203 in cash from non-related party. The book value of non-controlling interests of Ho Tung Cement amounted to \$30,480, and this transaction decreased non-controlling interests by \$2,432 and increased the equity attributable to owners of parent company by \$2,432. The Company acquired an additional 1.51% of the issued shares of Ho Tung Cement on December 25, 2023 for \$7,789 in cash from related party - Ya Tung Investment. The book value of non-controlling interests of Ho Tung Cement amounted to \$40,622, and this transaction decreased non-controlling interests by \$9,115 and increased the equity attributable to owners of parent company by \$9,115.
2. The Company acquired an additional 0.56% of the issued shares of Hua Chung on January 27, 2022 for \$296 in cash from non-related party. The book value of non-controlling interests of Hua Chung amounted to \$3,114, and this transaction decreased non-controlling interests by \$301 and increased the equity attributable to owners of parent company by \$301.
3. The Company acquired an additional 0.57% of the issued shares of Chenergy on December 25, 2023 for \$5,324 in cash from related party - Ya Tung Investment. The book value of non-controlling interests of Chenergy amounted to \$2,246, and this transaction decreased non-controlling interests by \$2,207 and increased the equity attributable to owners of parent company by \$2,207.
4. The changes in the interests have produced the following impact on the equity attributable to owners of parent company in 2023 and 2022 were as below:

	2023	2022
Book value of non-controlling interests acquired	\$ 11,322	\$ 2,733
Consideration paid to non-controlling interests	(13,113)	(3,499)
Capital surplus - Difference between the price received from actual acquisition or disposal of a subsidiary and its book value	(\$ 1,791)	(\$ 766)

(XXVIII) Supplemental cash flow information

1. Investing activities with partial cash paid:

	2023	2022
Acquisition of property, plant and equipment	\$ 66,464	\$ 21,994
Add: Payable on equipment, beginning	16,795	7,746
Less: Payable on equipment, ending	(46,769)	(16,795)
Cash paid in the period	\$ 36,490	\$ 12,945

2. Investment activities with no cash flow effect:

	2023	2022
Property, plant and equipment transferred to intangible assets	\$ 407	\$ 1,679

(XXIX) Changes in liabilities from financing activities

	2023				Total liabilities from financing activities
	Short-term loans	Long-term loans	Lease liabilities	Guarantee deposit received	
January 1	\$ 355,000	\$ 1,120,605	\$ 45,080	\$ 1,404	\$ 1,522,089
Changes in cash flows from financing activities	(200,000)	367,200	(21,933)	(594)	144,673
Interest expense	-	1,545	-	-	1,545
December 31	\$ 155,000	\$ 1,489,350	\$ 23,147	\$ 810	\$ 1,668,307

	2022				Total liabilities from financing activities
	Short-term loans	Long-term loans	Lease liabilities	Guarantee deposit received	
January 1	\$ -	\$ 1,449,210	\$ -	\$ 1,313	\$ 1,450,523
Changes in cash flows from financing activities	355,000	(330,000)	-	91	25,091
Interest expense	-	1,395	-	-	1,395
Increase in right-of-use assets	-	-	45,080	-	45,080
December 31	\$ 355,000	\$ 1,120,605	\$ 45,080	\$ 1,404	\$ 1,522,089

VII. Related-Party Transactions

(I) Name, relationship and abbreviation of related parties:

Name and relationship of related parties	Relations with the company
For the name and abbreviation of subsidiaries, please refer to Note I	
(II)	-
Tung Bao	Associate
HT-S Venture Philippines Corporation (HT-S Venture)	"
Chia He Co., Ltd. (Chia He)	Other associates
Yuan He Biotech Co., Ltd (Yuan He)	"
Ya Tung Investment Co., Ltd. (Ya Tung Investment)	The chairman of that company is a director of the Company

(II) The Group's key management

1. Operating revenue

	2023	2022
Sales of goods:		
Subsidiaries		
Jiangbei Sutung	\$ 1,595,396	\$ 2,170,268
Chih Sheng Huizhou	448,560	592,685
Others	-	26,710
	<u>\$ 2,043,956</u>	<u>\$ 2,789,663</u>

The sales price of goods is negotiated and determined by both parties. The collection period for certain related parties was 120 days after the sale is completed. Except for the collection period mentioned above, other terms of sales were not significantly different from those of third parties with collection period of 30 days to 90 days after sales.

2. Purchase

	2023	2022
Purchase of goods:		
Subsidiaries		
Jiangbei Sutung	\$ 1,139,026	\$ 1,181,490
Others	40,353	16,253
	<u>\$ 1,179,379</u>	<u>\$ 1,197,743</u>

The purchase price of goods is negotiated and determined by both parties. Terms of payment were not significantly different from those of third parties where the payment is due within 45 days to 90 days after the purchase of the goods.

3. Accounts receivable

	December 31, 2023	December 31, 2022
Receivables from related parties:		
Subsidiaries		
Chih Sheng Huizhou	\$ 92,888	\$ 148,134
Jiangbei Sutung	55,841	89,960
Associate		
HT-S Venture	346	346
	<u>\$ 149,075</u>	<u>\$ 238,440</u>

(1) The account receivables from related parties arise mainly from sales transactions.

(2) The aging analysis of accounts receivable - related parties is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 148,729	\$ 228,327
Past due		
Within 90 days	-	-
91-180 days	-	-
Over 181 days	346	10,113
	<u>\$ 149,075</u>	<u>\$ 238,440</u>

The above aging analysis is based on past due date.

4. Accounts payable

	December 31, 2023	December 31, 2022
Payables to related parties:		
Subsidiaries		
Jiangbei Sutung	\$ 231,399	\$ 68,271
Others	12,063	15,992
	<u>\$ 243,462</u>	<u>\$ 84,263</u>

5. Other ending balances

(1) Other receivables

	December 31, 2023	December 31, 2022
Other receivables from related parties:		
Subsidiaries		
Signpost (HK)	\$ 7,074	\$ 6,930
Others	1,285	2,004
Other associates	5	5
	<u>\$ 8,364</u>	<u>\$ 8,939</u>

Other receivables mainly arise from service fees receivable and payment on behalf of others.

(2) Other payables

	December 31, 2023	December 31, 2022
Other payables from related parties:		
Subsidiaries		
Hsin Tay	\$ 10,444	\$ -
Chenergy	2,610	-
Associate		
Tung Bao	2,878	2,878
Other associates		
Others	-	4
	<u>\$ 15,932</u>	<u>\$ 2,882</u>

Other payables mainly arise from payment on behalf of others.

(3) Other current liabilities

	December 31, 2023	December 31, 2022
Amounts from related party received in advance:		
Subsidiaries		
Top Device	\$ 32,537	\$ 32,537
Hsin Tay	-	12,044
	<u>\$ 32,537</u>	<u>\$ 44,581</u>

1. The advance receipts for Top Device were the investment refunds. Due to the Group's planning, Top Device was dissolved by the Board of Directors in 2016, and the dissolution procedure is still in progress.
2. The advance payment to Hsin Tay refers to the receipts of the Company's manpower support fee in advance.

6. Property transactions

(1) Acquisition of investment property

	2023	2022
Subsidiary - Ho Tung Cement	<u>\$ -</u>	<u>\$ 162,024</u>

In accordance with the organizational plan of the Group, the Board of Directors determined to purchase investment property of Ho Tung Cement on March 16, 2022, and the relevant procedures have been completed.

(2) Acquisition of financial assets

	2023	2022
Purchased the share of Ho Tung Cement from Ya Tung Investment.	\$ 7,789	\$ -
Purchased the share of Chenenergy from Ya Tung Investment.	<u>5,324</u>	<u>-</u>
	<u>\$ 13,113</u>	<u>\$ -</u>

Please refer to Note VI (XXVII) 1 and 3 for details of transactions.

7. Lease transactions - Lessee

- (1) The Company rented other equipment from Chenenergy, the contractual lease term lasts from December 2022 to December 2024, and the rental is paid next month.

(2) Acquisition of right-of-use assets

	2023	2022
Subsidiary - Chenenergy	<u>\$ -</u>	<u>\$ 45,080</u>

(3) Lease liabilities

	December 31, 2023	December 31, 2022
Subsidiary - Chenenergy - Current	\$ 22,798	\$ 22,273
Subsidiary - Chenenergy - Non-current	<u>349</u>	<u>22,807</u>
	<u>\$ 23,147</u>	<u>\$ 45,080</u>

(4) Interest expense

	2023	2022
Lease liabilities - discounted interest amortization	\$ 818	\$ -

8. Other income

	2023	2022
Subsidiaries	\$ 9,928	\$ 8,359
Other associates	60	60
	<u>\$ 9,988</u>	<u>\$ 8,419</u>

Other income mainly arises from service income and lease income.

(III) Key management compensation

	2023	2022
Salary and other short-term employees' benefits	<u>\$ 10,963</u>	<u>\$ 8,883</u>

VIII. Pledged Assets

Details of the Company's assets pledged as collaterals are as follows:

Assets	December 31, 2023	December 31, 2022	Nature of pledges
Demand deposits (recognized as financial assets at amortized - non-current)	\$ -	\$ 122,447	Long-term loans
Time deposits (recognized as financial assets at amortized - non-current)	13,100	11,500	Performance bonds
Property, plant, and equipment	<u>277,965</u>	<u>280,059</u>	Long-term loans
	<u>\$ 291,065</u>	<u>\$ 414,006</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

In addition to the commitments described in Note VI (VIII) and VII, other significant commitments are as follows:

The Company entered into a procurement contract for kerosene with CPC Corp., Taiwan. Both parties agreed that the Company sells raffinate oil back to CPC. The contract term covers from January 20, 2021 to January 19, 2023, and from January 20, 2023 to January 19, 2024. The Company purchased kerosene from CPC on December

31, 2023 and 2022 with banks providing a purchase guarantee in the amount of \$210,000 and \$270,000, respectively.

X. Significant Disaster Loss

None.

XI. Significant Events

Please refer to Note VI (XVI).

XII. Others

(I) Capital management

The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may change the amount of stock dividends paid to shareholders, return capital to shareholders, issue new shares or sell certain assets to reduce debt. The Company monitors its capital on the basis of the debt-capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the parent company only balance sheet plus net debt.

The Company's strategies in 2023 are the same as those in 2022. The Company has been endeavoring to maintain the debt-capital ratio in a reasonable level. The Company's debt-capital ratio as of the years ended December 31, 2023 and 2022 are listed below:

	December 31, 2023	December 31, 2022
Total loans	\$ 1,644,350	\$ 1,475,605
Less: Cash and cash equivalents	(725,895)	(638,246)
Net liabilities	918,455	837,359
Total equity	12,150,454	12,151,298
Total capital	<u>\$ 13,068,909</u>	<u>\$ 12,988,657</u>
Debt-capital ratio	7.03%	6.45%

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets measured at FVTOCI		
Investment on designated equity instruments	\$ 764,236	\$ 780,518
Financial assets at amortized cost		
Cash and cash equivalents	725,895	638,246
Financial assets at amortized cost - non-current	13,100	133,947
Accounts receivable	245,506	111,463
Accounts receivable - related parties	149,075	238,440
Other receivables	12,253	8,907
Other accounts receivable - related parties	8,364	8,939
Refundable deposit	4,999	957
	<u>\$ 1,923,428</u>	<u>\$ 1,921,417</u>
	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities measured at amortized costs		
Short-term loans	\$ 155,000	\$ 355,000
Accounts payable	118,870	101,022
Accounts payable - related parties	243,462	84,263
Other payables	111,801	80,783
Other payables - related parties	15,932	2,882
Long-term borrowings (including those due within one year or one operating cycle)	1,489,350	1,120,605
Guarantee deposit received	810	1,404
	<u>\$ 2,135,225</u>	<u>\$ 1,745,959</u>
Lease liabilities- current	<u>\$ 22,798</u>	<u>\$ 22,273</u>
Lease liabilities- non-current	<u>\$ 349</u>	<u>\$ 22,807</u>

2. Risk management policies

- (1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (2) Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's internal operating units. The Board provides written principles for overall risk management, as well as written

policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

- A. The Company operates internationally and is exposed to foreign exchange risk arising from various functional currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- B. The management of the Company has set up a policy to require the organization to hedge their entire foreign exchange risk exposure with the Company's finance department. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company's finance department uses forward foreign exchange contracts. The foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in foreign currencies other than the Company's functional currency.
- C. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD) and is thus affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023							
				Sensitivity analysis			
				Range of change	Effect on profit or loss	Affect others Comprehensive income	
(Foreign Currency: Functional currency)	Foreign Currency (in thousand)	Exchange rate	Book value (NT\$)				
<u>Financial assets</u>							
<u>Monetary items</u>							
USD: NTD	\$ 57,376	30.71	\$ 1,762,017	5%	\$ 88,101	\$	-
<u>Non-monetary items</u>							
USD: NTD	297,748	30.71	9,143,847	5%	-		457,192
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD: NTD	9,637	30.71	295,952	5%	14,798		-

	December 31, 2022					
				Sensitivity analysis		
	Foreign Currency (in thousand)	Exchange rate	Book value (NT\$)	Range of change	Effect on profit or loss	Affect others Comprehensive income
(Foreign Currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	\$43,780	30.71	\$ 1,344,484	5%	\$ 67,224	\$ -
<u>Non-monetary items</u>						
USD: NTD	292,929	30.71	8,995,861	5%	-	449,793
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	2,974	30.71	91,332	5%	4,567	-

D. Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange rate fluctuation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$3,920) and \$105,262 respectively.

Price risk

- A. The Company is exposed to equity securities price risk because of investments held by the Company and classified as financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company mainly invests in domestic financial instruments. The value of these financial instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, it would have increased/ decreased by \$38,212 and \$39,026, respectively, for the years ended December 31, 2023 and 2022 mainly as a result of other comprehensive income arising from financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, exposing the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in NTD and USD.
- B. The Company's borrowings are measured at amortized cost. Under the contract, the borrowings are periodically repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- C. If the NTD borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the years

ended December 31, 2023 and 2022 would have increased/decreased by \$4,111 and \$3,689, respectively. The main factor is changes in interest expense resulting from floating-rate borrowings.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and financial assets classified as measured at amortized cost.
- B. The Company manages their credit risk taking into consideration the Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. According to the Company's internal credit policy, each operating unit in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts the assumptions under IFRS 9. The default occurs when the contract payments are past due over 90 days.
- D. The Company adopted the following assumptions under IFRS 9 to judge whether there is any evidence that the credit risk of financial instruments has been significantly increased after initial recognition:
 - (A) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (B) If any external rating agency is rated as investment grade on the balance sheet date, the financial asset is considered as low credit risk.
- E. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (A) It becomes probable that the issuer experiences significant financial difficulties or will enter into bankruptcy or other financial reorganization;
 - (B) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
 - (C) Default or delinquency on interest or principal repayments;
 - (D) Adverse changes in national or regional economic conditions that are expected to cause a default.
- F. The Company classifies customers' accounts receivable in accordance with geographical areas, trade credit risk and customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss.
- G. After the Company has gone through the recourse procedure, it will write off the amount of financial assets that cannot reasonably be expected to be recovered; however, the Company will continue to carry out legal procedures of recourse to preserve the rights of the creditor's rights.
- H. The Company is included in the National Development Council's economic indicators and indicators and the comprehensive leading

indicators of the Organization for Economic Cooperation and Development. The forward-looking consideration for the future is adjusted based on historical and current information in a specific period to establish a loss rate to estimate the allowance for loss of notes receivable and accounts receivable (including related parties). Matrix preparation as of December 31, 2023 and 2022 were as below:

	Not past due	90 days past due	90 to 180 days past due	More than 181 days past due
<u>December 31, 2023</u>				
Expected loss rate	0.03% - 0.05%	0.17% - 84.40%	100%	100%
<u>December 31, 2022</u>				
Expected loss rate	0.05% - 0.06%	0.20% - 80.38%	100%	100%

I. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
January 1/ December 31	<u>\$ 228,836</u>	<u>\$ 228,836</u>

J. Financial assets measured at amortized cost in the Company's account are restricted bank deposits, and the Company transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk so it expects that the probability of counter-party's default is remote.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company's finance department. The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

B. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company's finance department. The Company's finance department invests surplus cash in interest bearing current accounts, time deposits, bonds under repurchase agreement and short-term marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Company held money market position of \$725,336 and \$637,704, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.

C. The table below analyzes the Company's non-derivative financial liabilities classified into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative
financial liabilities:

December 31, 2023	Within 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Short-term loans	\$ 155,000	\$ -	\$ -	\$ -
Accounts payable	118,870	-	-	-
Accounts payable - related parties	243,462	-	-	-
Other payables	111,801	-	-	-
Other payables - relate parties	15,932	-	-	-
Long-term loans	33,864	508,151	1,088,984	-
Lease liabilities (current and non-current)	23,100	350	-	-

Non-derivative financial
liabilities:

December 31, 2022	Within 1 Year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Short-term loans	\$ 355,000	\$ -	\$ -	\$ -
Accounts payable	101,022	-	-	-
Accounts payable - related parties	84,263	-	-	-
Other payables	80,783	-	-	-
Other payables - related parties	2,882	-	-	-
Long-term borrowings (including due within one year or one operating cycle)	498,219	662,611	-	-
Lease liabilities (current and non-current)	23,100	23,100	-	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

Fair value information

1. The table below analyzes financial and non-financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active when a market where transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed (including emerging) stocks is

included in Level 1.

Level 2: inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: It refers to unobservable inputs for the asset or liability. The Company's investment in equity instruments without active market is included.

2. The information relating to the fair value of investment property at cost is provided in Note VI (IX).

3. Financial assets that are not measured at fair value

The carrying amounts of the Company's financial assets that are not measured at fair value, including cash and cash equivalents, accounts receivable (related parties included), other receivables (related parties included), financial assets at amortized cost, refundable deposits, short-term borrowings, notes payable, accounts payable (related parties included), other payables (related parties included), lease liabilities, long-term borrowings, and guarantee deposits received, are approximate to their fair values.

4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(1) The Company classify assets on the basis of its nature. Related information is provided below:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at FVTOCI				
- Equity securities	<u>\$ 662,812</u>	<u>\$ -</u>	<u>\$101,424</u>	<u>\$764,236</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at FVTOCI				
- Equity securities	<u>\$694,021</u>	<u>\$ -</u>	<u>\$ 86,497</u>	<u>\$780,518</u>

(2) The methods and assumptions the Company used to measure fair value are as follows:

A. The instruments of which the Company uses market quoted prices as their fair values (that is, Level 1), are listed and emerging stocks. The market quoted prices are the closing prices.

B. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counter-party quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in

substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

C. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted according to additional inputs, e.g., model risk or liquidity risk, etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, the management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

5. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
6. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.
7. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023
	Equity securities
January 1	\$ 86,497
Gains or losses recognized in other comprehensive income	
Unrealized valuation loss (gain) on investment listed as equity instrument measured at FVTOCI	14,927
December 31	\$ 101,424
	2022
	Equity securities
January 1	\$ 72,293
Gains or losses recognized in other comprehensive income	
Unrealized valuation loss (gain) on investment listed as equity instrument measured at FVTOCI	14,204
December 31	\$ 86,497

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

		December 31, 2023		Significant	Relationship of inputs to fair
:	Fair value	Valuation technique	unobservable Input	value	
Non-derivative					
quity instruments:					
Unlisted shares	\$ 101,424	Comparable company analysis	Net multiplier and discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value	
		December 31, 2022		Significant	Relationship of inputs to
	Fair value	Valuation technique	unobservable Input	value	
Non-derivative equity					
instruments:					
Unlisted shares	\$ 86,497	Comparable company analysis	Net multiplier and discount for lack of marketability	The higher the multiplier premium and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value	

9. The Company has carefully assessed the valuation models and inputs used to measure fair value. However, use of different valuation models or inputs may result in different valuation outcomes. The following is the effect on profit or loss for the current period or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			2023	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	\$ 1,014	(\$ 1,014)
			2022	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Discount for lack of marketability	±1%	\$ 865	(\$ 865)

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

1. Loaning of fund to others: Please refer to Table 1.
2. Endorsements guarantees provided to others: Please refer to Table 2.

3. Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates, and Joint Ventures): Please refer to Table 3.
4. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
7. Related Party Transactions with Purchases or Sales Amount of At Least NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 4.
8. The receivables from related Parties of At Least NT\$ 100 million or 20% of actually received capital amount: Please refer to Table 5.
9. Trading in derivative instruments: None.
10. INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS: Please refer to Table 6.

(II) Information on investees

Name, Location, and Information on Investee Companies (Excluding Investee Companies in mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Information on Investment in mainland China: Please refer to Table 8.
2. Significant transactions with invested companies in Mainland China, either directly or indirectly via a third area: Please refer to Table 6.

(IV) Information on Major Shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Operating Segment Information

Not applicable.

Ho Tung Chemical Corp. and Subsidiaries

Loaning of Funds to Others

January 1 to December 31, 2023

Table 1

Unit: NT\$ thousands
(Except as otherwise indicated)

No. (Note 1)	Financing Company	Borrower	Financial Statement Account (Note 2)	Related Party	Maximum Balance		Amount Actually Drawn	Interest range	Nature for Loaning (Note 4)	Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Bad Debts	Collateral		Financing Limits for Each Borrowing Company (Note 7)	Financing Company's Total Financing Amount Limits	
					for the Period (Note 3)	Ending Balance (Note 8)							Name	Value		(Note 7)	Note
1	Paotze Investment Ltd.	Nanjing Kuan Hsin Optoelectronics Co., Ltd.	Other receivables	Yes	\$ 221,432	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 3,138,946	\$ 3,138,946	Note 9
2	Jintung Petrochemical Corp., Ltd	Sichuan Jintung Fine Chemical Corp., Ltd.	Other receivables	"	311,297	-	-	4.35%	Short-term financing	-	Operating capital	-	-	-	1,324,213	1,324,213	
3	Hsin Tay Ltd.	Beijing Tung Sheng Tai Trade Co., Ltd	Other receivables	"	46,727	41,329	41,329	3.30%	Short-term financing	-	Operating capital	-	-	-	362,365	362,365	Note 10

Note 1: The description of the column is as follows:

(1) "0" for the issuer.

(2) The investees are numbered in sequential order from 1 and so on.

Note 2: Receivables from affiliates and related parties, shareholder transactions, prepayments, temporary payments, etc. are required to be disclosed in this field if they are financing provided to others.

Note 3: The maximum balance of financing provided to others for the year

Note 4: The nature of the financing should be indicated if it is a business transaction or if it is necessary for short-term financing.

Note 5: If the nature of financing is business transaction, the transaction amount shall be disclosed. The transaction amount refers to the business transaction amount of the most recent year between the financing company and the borrower.

Note 6: With respect to short-term financing, the reasons of financing and the purpose of use by the borrower shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7: For the counterparties with short-term financing needs, the limit of financing provided by the Company and its subsidiaries to a single borrower shall not exceed 10% of the shareholders' equity of such counterparties as stated in the financial statements of the current period. For the counterparties with business transactions, the limit of financing provided by the Company and its subsidiaries to a single borrower shall not exceed the business trading amount between the counterparty and the Company in the most recent year. The ceiling of the aggregate amount of financing provided by the Company and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of each of such counterparties as stated in the financial statements of the current period.

For the counterparties with short-term financing needs, the limit of financing provided by the Company's subsidiary, Paotze and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of such counterparties as stated in the financial statements of the current period. For the counterparties with business transactions, the limit of financing provided by the Paotze and its subsidiaries to a single borrower shall not exceed the business trading amount between the counterparty and the Paotze or its subsidiaries in the most recent year. The ceiling of the aggregate amount of financing provided by the Paotze and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of each of such counterparties as stated in the financial statements of the current period.

The limit of financing provided by the Company's subsidiary, Signpost and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of such counterparties as stated in the financial statements of the current period. The ceiling of the aggregate amount of financing provided by the Signpost and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of each of such counterparties as stated in the financial statements of the current period.

For the counterparties with short-term financing needs, the limit of financing provided by the Company's subsidiary, Hsin Tay Petroleum and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of such counterparties as stated in the financial statements of the current period. For the counterparties with business transactions, the limit of financing provided by the Hsin Tay Petroleum and its subsidiaries to a single borrower shall not exceed the business trading amount between the counterparty and the Hsin Tay Petroleum or its subsidiaries in the most recent year. The ceiling of the aggregate amount of financing provided by the Hsin Tay Petroleum and its subsidiaries to a single borrower shall not exceed 40% of the shareholders' equity of each of such counterparties as stated in the financial statements of the current period.

Note 8: If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved before drawdown shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayments may be made subsequently, as drawdowns are likely to happen again, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 9: For short-term financing needs, our subsidiary, Paotze, provided financing to its subsidiary, Nanjing Kuan Hsin. The short-term financing has been overdue for more than one year, which violated Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements Guarantees by Public Companies. However, the collection of loans from Nanjing Kuan Hsin was not as good as expected due to the poor operating condition of Nanjing Kuan Hsin. On July 17, 2015, the board of directors of Paotze approved to stop collecting interest of financing provided to Nanjing Kuan Hsin. Nanjing Kuan Hsin was dissolved on August 11, 2023, so the allowance for bad debts was written off. Please refer to Note 5 of Note IV(III) 2 in the Consolidated Financial Statements.

Note 10: For short-term financing needs, the subsidiary, Hsin Tay Ltd.'s financing to its subsidiary, Beijing Tung Sheng Tai Trade Co., Ltd has been overdue, which violated Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements Guarantees by Public Companies. The company is now actively working to improve the situation.

Ho Tung Chemical Corp. and Subsidiaries

Endorsements Guarantees To Others

January 1 to December 31, 2023

Table 2

Unit: NT\$ thousands
(Except as otherwise indicated)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party Company name	Relation ship (Note 2)	Limits on Endorsement/ Guarantee Amount Provided		Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Gua rantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Gua antee Amount Allowed (Note 3)	Endorsement/ Guarantee Provided by Parent Subsidiaries (Note 7)	Endorsement/ Guarantee Provided by Subsidiaries to Parent Company (Note 7)	Endorsement/ Guarantee Provided to Subsidiaries in China (Note 7)	Note
				to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)										
1	Hsin Tay Petroleum Co., Ltd	Chenergy Global Co., Ltd.	4	\$ 445,331	\$ 190,000	\$ -	\$ -	\$ -	\$ -	-	\$ 445,331	N	N	N	

Note 1: The description of the column is as follows:

(1) "0" for the issuer.

(2) The investees are numbered in sequential order from 1 and so on.

Note 2: The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following seven types. Please specify the type:

(1) A company that has business relationships with Ho Tung.

(2) A company in which Ho Tung directly or indirectly holds over 50% of the voting rights.

(3) A company that directly or indirectly holds over 50% of Ho Tung's voting rights.

(4)) Endorsements/guarantees between companies in which Ho Tung directly or indirectly holds over 90% of the voting rights.

(5) Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.

(6) Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.

(7) Joint and several security between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act

The amount of endorsement and guarantee provided by the Company to a single entity shall not exceed 20% of the shareholders' equity stated in the Company's current financial statements; the maximum amount of external endorsement and guarantee shall

Note 3: not exceed 50% of the shareholders' equity stated in the Company's current financial statements.

The amount of endorsement and guarantee provided by the Hsin Tay Petroleum to a single entity shall not exceed 50% of the shareholders' equity stated in the Hsin Tay Petroleum's current financial statements; the maximum amount of external endorsement and guarantee shall not exceed 50% of the shareholders' equity stated in the Hsin Tay Petroleum's current financial statements.

Note 4: The maximum endorsement/guarantee balance for the year.

This refers to amounts approved by the board of directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of

Note 5: Endorsements Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6: The actual amount drawn by the guaranteed party within the limit of the endorsement/guarantee balance should be entered.

Note 7: Fill in "Y" for endorsements/guarantees provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in mainland China.

Note 8: As of December 31, 2023, the amount of the endorsement/guarantee that is for the tariff purposes is \$4,100, and is pledged with equivalent value of time deposits, which represents 0.03% of the net worth in the most recent financial statements.

Ho Tung Chemical Corp. and Subsidiaries
Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates, and Joint Ventures)
January to December 31, 2023

Table 3

Unit: NT\$ thousands
(Except as otherwise indicated)

Holder of Marketable Securities	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	December 31, 2023				Remark (Note 4)
				Shares/Units	Carrying Amount (Note 3)	Shareholding percentage	Fair value	
HO TUNG CHEMICAL CORP.	Stock - O-Bank	-	Financial assets measured at FVTOCI	5,192,384	\$ 51,820	0.17%	\$ 51,820	
"	Stock - Formosan Union Chemical Corp.	-	"	29,234,040	610,992	6.13%	610,992	
"	Stock Hsing Tai Co., Ltd	Substantive related party	"	2,850,000	-	19.00%	-	
"	Stock - Vita Genomics, Inc	"	"	963,925	17,658	1.61%	17,658	
"	Stock - Yuan He Biotech Co., Ltd	"	"	8,702,824	83,766	4.25%	83,766	
					<u>\$ 764,236</u>		<u>\$ 764,236</u>	
He Mao Venture Capital	Stock - Formosan Union Chemical Corp.	-	"	9,857	\$ 208	0.00%	\$ 208	
"	Stock - Vita Genomics, Inc	Substantive related party	"	1,243,528	21,572	2.08%	21,572	
"	Stock - Yuan He Biotech Co., Ltd	"	"	13,739,040	110,151	6.70%	110,151	
					<u>\$ 131,931</u>		<u>\$ 131,931</u>	
Paotze Investment Ltd.	Beneficiary certificate - Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	32,425	<u>\$ 538</u>	-	<u>\$ 538</u>	
"	Stock - HO TUNG CHEMICAL CORP.	The Company	Financial assets measured at FVTOCI	10,141,558	<u>\$ 92,592</u>	0.99%	<u>\$ 92,592</u>	
Ally Solution Ltd.	Stock - Ever Victory Global Ltd.	The director of that company is a director of the Company	"	26,865,000	<u>\$ 349,017</u>	4.34%	<u>\$ 349,017</u>	
Big Success Co.,Ltd.	"	"	"	14,500,000	<u>\$ 188,115</u>	2.34%	<u>\$ 188,115</u>	
Oceanwise International Ltd.	"	"	"	15,820,000	<u>\$ 205,241</u>	2.56%	<u>\$ 205,241</u>	

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items within the scope of IFRS 9 "Financial Instruments."

Note 2: Not required if the issuer of the marketable securities is not a related party

Note 3: If marketable securities are measured at fair value, please fill in the fair value after valuation adjustment, net of accumulated impairment. If marketable securities are not measured at fair value, please fill in the original cost or amortized cost, net of accumulated impairment.

Note 4: If any of the listed securities are subject to restrictions on use due to guarantees, pledged loans, or other agreements, the number of shares guaranteed or pledged, the amount of guarantee or pledge, and the circumstances under which the use is restricted should be noted in the Remarks column.

Ho Tung Chemical Corp. and Subsidiaries

Related Party Transactions with Purchases or Sales Amount of At Least NT\$100 Million or 20% of the Paid-In-Capital

January 1 to December 31, 2023

Table 4

Unit: NT\$ thousands
(Except as otherwise indicated)

			Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
					Percentage to Total Purchase			Payment		Percentage to Total Accounts/Notes Receivable	
Company Name	Related Party	Relationship	Purchase (Sales)	Amount	(Sales)	Payment Term	Unit Price	Term	Ending Balance	(Payable)	Note
HO TUNG CHEMICAL CORP.	Jiangsu Jintung Surfactant Corp., Ltd.	Subsidiaries	Sales	\$ 1,595,396	45.6	30-90 days	\$ -	-	\$ 55,841	14.2	
"	Chih Sheng (Huizhou) Petrochemical Co., Ltd	"	"	448,560	12.8	90 days	-	-	92,888	23.5	
"	Jiangsu Jintung Surfactant Corp., Ltd.	"	Purchase	1,139,026	34.1	30-90 days	-	-	(231,399)	63.9	
Jintung Petrochemical Corp., Ltd	"	"	"	2,591,380	78.2	"	-	-	(110,435)	79.6	
"	Sichuan Jintung Fine Chemical Corp., Ltd.	"	"	264,006	8.0	"	-	-	-	-	
Sichuan Jintung Fine Chemical Corp., Ltd.	Jiangsu Jintung Surfactant Corp., Ltd.	"	"	333,659	13.3	"	-	-	(126,134)	50.0	
"	SINOPEC Jiling Petrochemical Company	Joint venture by the Company and the Company's subsidiary in Mainland China	"	726,505	28.9	"	-	-	-	-	
Anhui Jintung Fine Chemical Corp., Ltd	Jiangsu Jintung Surfactant Corp., Ltd.	Subsidiaries	"	209,495	7.1	"	-	-	(89,976)	32.8	
"	SINOPEC Jiling Petrochemical Company	Joint venture by the Company and the Company's subsidiary in Mainland China	"	110,794	3.8	"	-	-	-	-	
Jiangsu Jintung Surfactant Corp., Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd	Subsidiaries	Sales	240,672	3.4	"	-	-	20,849	3.0	
"	Guangzhou Litze Chemical Co., Ltd	"	"	217,870	3.1	"	-	-	-	-	
"	SINOPEC Jiling Petrochemical Company	Joint venture by the Company and the Company's subsidiary in Mainland China	Purchase	1,735,679	29.7	"	-	-	-	-	
Hsin Tay (Shanghai) Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd	Subsidiaries	Sales	463,966	12.6	30-90 days	-	-	3,093	0.5	
"	Chih Sheng (Huizhou) Petrochemical Co., Ltd	"	"	747,092	20.4	30-120 days	-	-	4,724	0.8	
"	Guangzhou Litze Chemical Co., Ltd	"	"	317,960	8.7	30-90 days	-	-	3,029	0.5	
"	Tianjin Tianzhi Fine Chemical Co., Ltd	"	Purchase	565,813	16.5	"	-	-	-	-	
"	Chih Sheng (Huizhou) Petrochemical Co., Ltd	"	"	958,436	28.0	"	-	-	-	-	
"	Guangzhou Litze Chemical Co., Ltd	"	"	377,525	11.0	"	-	-	-	-	

Ho Tung Chemical Corp. and Subsidiaries
Receivables From Related Parties of At Least NT\$100 Million or 20% of the Paid-In-Capital
January to December 31, 2023

Table 5

Unit: NT\$ thousands
(Except as otherwise indicated)

Company Name	Related Party	Relationship	Ending Balance	Turnover ratio	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts	Note
					Amount	Action Taken			
Jiangsu Jintung Surfactant Corp., Ltd.	Sichuan Jintung Fine Chemical Corp., Ltd.	Subsidiaries	\$ 126,134	3.91	-	-	\$ 126,134	-	
"	HO TUNG CHEMICAL CORP.	The Company	231,399	7.60	-	-	231,399	-	
"	Jintung Petrochemical Corp., Ltd	Subsidiaries	110,435	23.43	-	-	110,435	-	
Hsin Tay Ltd.	Tianjin Zhongran Ship Fuel Limited Company	Joint venture by the Company and the Company's subsidiary	330,526	Note 1	330,526	Note 1	-	225,070	

Note 1: Please refer to Note VII(II) 3 to the consolidated financial statements.

Ho Tung Chemical Corp. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
Transaction amount up to \$100,000 will be disclosed; assets and income will also be disclosed.
January 1 to December 31, 2023

Table 6

Unit: NT\$ thousands
(Except as otherwise indicated)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	HO TUNG CHEMICAL CORP.	Jiangsu Jintung Surfactant Corp., Ltd.	1	Sales revenue	\$ 1,595,396	Note 5	7.86
	"	Chih Sheng (Huizhou) Petrochemical Co., Ltd	"	"	448,560	Note 7	2.21
1	Sichuan Jintung Fine Chemical Corp., Ltd.	Jintung Petrochemical Corp., Ltd	2	"	264,006	Note 5	1.30
2	Jiangsu Jintung Surfactant Corp., Ltd.	HO TUNG CHEMICAL CORP.	"	"	1,139,026	"	5.61
	"	Jintung Petrochemical Corp., Ltd	3	"	2,591,380	"	12.77
	"	Anhui Jintung Fine Chemical Corp., Ltd	"	"	209,495	"	1.03
	"	Sichuan Jintung Fine Chemical Corp., Ltd.	"	"	333,659	"	1.64
	"	Tianjin Tianzhi Fine Chemical Co., Ltd	"	"	240,672	"	1.19
	"	Guangzhou Litze Chemical Co., Ltd	"	"	217,870	"	1.07
	"	HO TUNG CHEMICAL CORP.	2	Accounts receivable	231,399	"	1.02
	"	Sichuan Jintung Fine Chemical Corp., Ltd.	3	"	126,134	"	0.56
	"	Jintung Petrochemical Corp., Ltd	"	"	110,435	"	0.49
3	Hsin Tay (Shanghai) Ltd.	Tianjin Tianzhi Fine Chemical Co., Ltd	"	Sales revenue	463,966	"	2.29
	"	Chih Sheng (Huizhou) Petrochemical Co., Ltd	"	"	747,092	Note 6	3.68
	"	Guangzhou Litze Chemical Co., Ltd	"	"	317,960	Note 5	1.57
4	Tianjin Tianzhi Fine Chemical Co., Ltd	Hsin Tay (Shanghai) Ltd.	"	"	565,813	"	2.79
5	Chih Sheng (Huizhou) Petrochemical Co.,	"	"	"	958,436	"	4.72
6	Guangzhou Litze Chemical Co., Ltd	"	"	"	377,525	"	1.86

Note 1: Transaction information between the parent company and its subsidiaries shall be disclosed by codes below:

- (1) "0" for the parent company.
- (2) The subsidiaries are numbered in sequential order from 1 and so on.

Note 2: Relationships are categorized into the following three types. Please specify the type For example, if a parent company's transaction with a subsidiary has been disclosed by the parent company, the subsidiary does not need to disclose the transaction again; if a subsidiary's transaction with another subsidiary has been disclosed, it is not necessary to repeat the disclosure:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated net revenue for profit or loss items.

Note 3:

Note 4: The Company may decide whether to list the important transactions in this table based on the principle of materiality.

Note 5: The terms and conditions of said transaction are the same as those for general customers. The price is negotiated by both parties, and the payment is collected within 1 to 3 months after the sales is completed.

Note 6: The terms and conditions for said transactions are the same as those for general customers. The price is negotiated by both parties, and the payment is received within 1 to 4 months after the sales is completed.

Note 7: The terms and conditions of said transaction are the same as those of general customers. The price is negotiated by both parties, and the payment is received within 4 months after the sales is completed.

Ho Tung Chemical Corp. and Subsidiaries
Name, Location, and Information on Investee Companies (Excluding Investee Companies in mainland China)
January 1 to December 31, 2023

Table 7

Unit: NT\$ thousands
(Except as otherwise indicated)

Investor company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Number of shares	Percentage of Ownership	Book value			
HO TUNG CHEMICAL CORP.	He Mao Venture Capital Co., Ltd.	Taiwan	General investment	\$ 341,109	\$ 341,109	7,000,000	100.00	\$ 146,267	\$ 1,151	\$ 1,151	Subsidiaries
HO TUNG CHEMICAL CORP.	Chenergy Global Co., Ltd.	Taiwan	Rental of storage tanks and oil trading	809,025	803,701	56,614,181	99.99	391,960	12,159	16,863	"
HO TUNG CHEMICAL CORP.	Hua Chung Co., Ltd.	Taiwan	Trading of cement raw materials	27,768	27,768	1,453,461	72.67	(66,747)	(1,233)	(896)	"
HO TUNG CHEMICAL CORP.	Tung Bao Co., Ltd.	Taiwan	Production and sale of acetylene light solvent	216,817	216,817	23,076,019	34.00	320,498	67,526	22,959	Investment accounted for using equity method
HO TUNG CHEMICAL CORP.	Ho Tung Cement Corp.	Taiwan	Cement manufacturing	296,399	288,610	27,994,695	94.78	490,789	135,129	126,034	Subsidiaries
HO TUNG CHEMICAL CORP.	Hsin Tay Petroleum Co., Ltd	Taiwan	Oil trading	1,826,762	1,826,762	193,705,500	100.00	890,662	85,914	85,914	"
HO TUNG CHEMICAL CORP.	Paotze Investment Ltd.	British Virgin Island:	General investment	2,501,188	2,501,188	20,000,000	100.00	7,982,521	432,880	432,880	"
HO TUNG CHEMICAL CORP.	Sharinvest International Ltd.	British Virgin Island:	General investment	106,668	106,668	3,000,001	100.00	14,510	(788)	(788)	"
HO TUNG CHEMICAL CORP.	Inadvance Holdings Ltd.	British Virgin Island:	General investment	164,200	164,200	5,000,100	100.00	236,742	11,112	11,112	"
HO TUNG CHEMICAL CORP.	Signpost Enterprises Ltd.	British Virgin Island:	General investment	468,207	468,207	14,673,913	100.00	442,920	20,652	20,652	"
HO TUNG CHEMICAL CORP.	Top Device Investments Ltd.	British Virgin Island:	General investment	140,556	140,556	4,420,000	100.00	31,967	-	-	Note 1
HO TUNG CHEMICAL CORP.	Ally Solution Ltd.	British Virgin Island:	General investment	811,234	811,234	26,907,000	100.00	349,676	(80)	(80)	Subsidiaries
Paotze Investment Ltd.	Hua Chung Co., Ltd.	Taiwan	Trading of cement raw materials	10,444	10,444	442,105	22.11	11,578	(1,233)	Note 2	"
Paotze Investment Ltd.	Signpost (HK) Limited	Hong Kong	General investment	495,515	495,515	14,983,879	48.65	645,387	61,870	"	Sub-subsiidiary
Signpost Enterprises Ltd.	Signpost (HK) Limited	Hong Kong	General investment	515,630	515,630	10,281,716	33.39	442,949	61,870	"	"
Inadvance Holdings Ltd.	Signpost (HK) Limited	Hong Kong	General investment	158,667	158,667	5,531,219	17.96	238,256	61,870	"	"
Sharinvest International Ltd.	HT-S Venture Philippines Corporation	The Philippines	Trading of goods	8,944	8,944	99,996	40.00	11,492	(1,824)	"	Investment accounted for using equity method
Hsin Tay Petroleum Co., Ltd	Hsin Tay Ltd.	British Virgin Islands	General investment	597,698	597,698	16,956,651	100.00	905,912	106,943	"	Sub-subsiidiary
Chenergy Global Co., Ltd.	Tung Bao Co., Ltd.	Taiwan	Production and sale of acetylene light solvent	4,541	4,541	432,467	0.64	5,024	67,526	"	Investment accounted for using equity method
Chenergy Global Co., Ltd.	Big Success Co.,Ltd.	Samoa	General investment	445,648	445,648	14,511,500	100.00	188,128	(22)	"	Sub-subsiidiary
Hsin Tay Ltd.	Oceanwise International Ltd.	British Virgin Island:	General investment	485,832	485,832	100	100.00	205,261	0	"	Sub-subsiidiary's subsidiarv

Note 1: In accordance to the organizational plan of the Group, Top Device was dissolved as approved by the Board of Directors on August 12, 2016. Shares were returned on September 20, 2016. The dissolution is still in progress.

Note 2: The income or loss of the investee company is included in its investor company. To avoid confusion, it is not presented separately.

Ho Tung Chemical Corp. and Subsidiaries
Information on Investment in mainland China
January 1 to December 31, 2023

Table 8

Unit: NT\$ thousands
(Except as otherwise indicated)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Investment from Taiwan as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Jintung Petrochemical Corp., Ltd	Production of linear alkylbenzene, sulfonic acid and by-products	\$ 727,145	(2)a	\$ 651,359	\$ -	\$ -	\$ 651,359	\$ 99,668	60.00	59,801	\$ 1,986,318	\$ 292,488	Note 2(2)b
Jiangsu Jintung Chemical Corp., Ltd	Production of linear alkylbenzene, sulfonic acid and by-products	1,492,141	(2)a	298,961	-	-	298,961	423,154	50.00	211,577	1,870,516	-	Note 2(2)b
Tianjin Tianzhi Fine Chemical Co., Ltd	Manufacture and sale of surfactant	831,332	(2)a,b	397,572	-	-	397,572	3,350	50.00	1,675	543,454	-	Note 2(2)b
Xiamen Jintung Synthetic Detergent Co	Production and sales of related surfactants and other products	113,088	(2)a	23,290	-	-	23,290	(25,171)	54.60	(13,744)	66,251	-	Note 2(2)b
Chih Sheng (Huizhou) Petrochemical Co	Business of fatty alcohol and polyvinyl ether	399,230	(2)b	399,230	-	-	399,230	37,623	100.00	37,623	732,399	-	Note 2(2)b
Guangzhou Litze Chemical Co., Ltd	Manufacture and sale of linear alkyl benzene sulfonic acid	216,155	(2)b	122,042	-	-	122,042	40,138	60.00	24,083	325,661	-	Note 2(2)b
Nanjing He Sheng Pao New Energy Tec	Development of new energy and surfactant	462,977	(2)a	202,072	-	-	202,072	1,797	100.00	1,797	450,065	-	Note 2(2)b
Hsin Tay (Shanghai) Ltd.	Trading of chemicals and fuels	222,141	(2)a	15,355	-	-	15,355	98,384	100.00	98,384	882,831	-	Note 2(2)b
Tianjin Port Free Trade Zone Hsing Tung Chemical Industrial Co., Ltd	Wholesale of chemicals and fuel	172,924	(2)c	81,596	-	-	81,596	6,022	55.00	3,312	96,571	-	Note 2(2)c
Beijing Tung Sheng Tai Trade Co., Ltd	Wholesale of chemicals and fuel	43,231	(2)c	36,637	-	-	36,637	153	75.00	115	(13,775)	-	Note 2(2)c
Sichuan Jintung Fine Chemical Corp., L	Manufacture and sale of Linear Alkylbenzene	172,924	(2)a	-	-	-	-	7,447	60.00	4,468	671,192	-	Note 2(2)b
Anhui Jintung Fine Chemical Corp., Ltd	Manufacture and sale of surfactant	259,386	(2)a	-	-	-	-	91,438	60.00	54,863	637,395	-	Note 2(2)b
Jiangsu Jintung Surfactant Corp., Ltd.	Manufacture and sale of surfactant	1,642,778	(2)a	-	-	-	-	420,479	50.00	210,240	1,783,373	-	Note 2(2)b

Company name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment by Investment Commission, MOEA
HO TUNG CHEMICAL CORP.	\$ 2,501,514 (US\$81,456 thousand) (Note 7, 8, 9, 10, 11)	\$ 6,314,836 (US\$205,628 thousand)	Note 6

Note 1: Investment methods are divided into three types. Please indicate the type below:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in Mainland China through a company in a third region (please specify the investor company in the third region):
 - a. Reinvestment through the subsidiary, Paotze Investment Ltd.
 - b. Reinvestment through sub-subsidiary, Signpost (HK) Ltd.
 - c. Reinvested through the sub-subsidiary, Hsin Tay Ltd.
- (3) Other methods.

Note 2: Columns of investment gains and losses recognized in the current period:

- (1) Please specify if there is no gain or loss on investment in the course of preparation.
- (2) The basis for recognizing investment income or loss is divided into the following 3 categories, please specify.
 - a. Financial statements audited and certified by an international accounting firm in cooperation with the CPA firm in the ROC.
 - b. Financial statements audited and certified by the CPA of the parent company in Taiwan.
 - c. Financial statements audited and certified by the CPAs of the subsidiary - Hsin Tay Petroleum Co., Ltd in Taiwan

Note 3: Figures in this table should be presented in New Taiwan Dollars.

Note 4: The foreign currency related in this table is converted into NTD at the exchange rate on the reporting date.

Note 5: It is the consolidated percentage of ownership of the Company and its subsidiaries.

Note 6: According to the limits set forth in the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” as amended by the Investment Commission of the Ministry of Economic Affairs, the Company is exempted from this limit because it has obtained a certificate of compliance with the certification of the Identification for Operational Headquarters from the Industrial Development Bureau of the Ministry of Economic Affairs.

Note 7: The Group originally held 100% ownership of Hong Kong Taitung through the Group's sub-subsidiary - Signpost (HK) and its subsidiary - Top Device, and then indirectly held 50% ownership of Shatung Tai Hing. On September 22, 2015, the Group disposed of the shares of Hong Kong Taitung held by Signpost (HK) and Top Device.

The proceeds from the disposal were US\$4,417,920 (net of handling fees and other related expenses), but the amount has not yet been remitted back to Taiwan, and is therefore still included in the remittance of the investment amount to Mainland China.

Note 8: The Group disposed of the 100% shares of Nan Tung Hong Kong on August 25, 2017. The proceeds from the disposal were RMB5,000,000, which has not yet been remitted back to Taiwan, and therefore is still included in the remittance of the amount for investment in the Mainland China.

Note 9: Due to the Group's organization restructuring, Nanjing Fine filed an application for dissolution on March 22, 2018, which was approved by the Board of Directors of the Group, and the amount of capital returned to the Group was RMB9,187,533 on December 26, 2018. However, the amount has not yet been remitted back to Taiwan, and therefore, the original investment amount is still included in the remittance of the amount of the investment made in the Mainland China.

Note 10: Due to the Group's organization restructuring, Lian Ding (Guangzhou) International Trading Co. filed an application for dissolution on May 4, 2018, which was approved by the Board of Directors of the Group, and the amount of capital returned to the Group was US\$1,057,206 on December 24, 2018. However, the amount has not yet been remitted back to Taiwan, and therefore, the original investment amount is still included in the remittance of the amount of the investment made in the Mainland China.

Note 11: The Group disposed of the 32.5% shares of Shanghai Jingdi on May 9, 2021. The proceeds from the disposal were RMB7,613,000, which has not yet been remitted back to Taiwan, and therefore the original investment is still included in the remittance of the amount for investment in the Mainland China.

Ho Tung Chemical Corp. and Subsidiaries

Information on Major Shareholders

January to December 31, 2023

Table 9

Name of Major Shareholder	Shares	
	Total Shares Owned	Shareholding percentage
Hung I Investment Co., Ltd.	101,690,169	10.00%
Investment account of Capital Securities Co., Ltd. in custody for clients of Capital Securities (Hong Kong) Limited (Capital Securities Depository Co., Ltd.)	60,576,749	5.95%
Bing Jung Co., Ltd.	51,878,666	5.10%

Ho Tung Chemical Corp.
Table of Cash and Cash Equivalents
December 31, 2023

Table I		Unit: NT\$ thousands
Item	Summary	Amount
Cash on hand		\$ 190
Check accounts		369
Foreign currency deposit	US\$ 12,228 thousand, exchange rate 30.71	375,522
Demand deposits		73,424
Time deposits	US\$ 9,000 thousand, exchange rate 30.71	276,390
		<u>\$ 725,895</u>

Ho Tung Chemical Corp.
Table of Accounts Receivable
December 31, 2023

Table II

Unit: NT\$ thousands

Customer Name	Summary	Amount	Remarks
SEAVIEW IMPORT EXPORT CORPORATION		\$ 70,424	
BALAYAN BAY BATANGAS DEVELOPMENT IN		53,743	
STEPAN PHILIPPINES QUATERNARIES INC		44,389	
Other sporadic customers		<u>305,786</u>	The balance of each individual customer does not exceed 5% of the balance of this account.
Subtotal		474,342	
Less: Loss allowance		(<u>228,836</u>)	
Total		<u>\$ 245,506</u>	

Ho Tung Chemical Corp.
Table of Inventories
December 31, 2023

Table III

Unit: NT\$ thousands

Item	Summary	Amount		Remarks
		Cost	Net realizable value	
Raw materials		\$ 116,577	\$ 121,804	Market price as net realizable value
Materials		11,114	11,464	"
Finished goods		157,436	163,461	"
Merchandise inventories		44,088	52,514	"
Inventory in transit		<u>854</u>	<u>854</u>	"
Total		<u>\$ 330,069</u>	<u>\$ 350,097</u>	

Ho Tung Chemical Corp.
Table of Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current
January 1 to December 31, 2023

Table IV

Unit: NT\$ thousands

Name	Beginning balance		Addition (Note)		Disposal of (Note)		Ending balance		Endorsements and guarantees provided	Remarks
	Number of shares (in thousand shares)	Fair value	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Fair value		
O-Bank Co., Ltd.	5,192	\$ 43,564	-	\$ 8,256	-	\$ -	5,192	\$ 51,820	None	
Formosan Union Chemical Corp.	29,234	650,457	-	-	-	(39,465)	29,234	610,992	"	
Hsing Tai Co., Ltd	2,850	-	-	-	-	-	2,850	-	"	
Yuan He Biotech Co., Ltd	8,703	69,773	-	13,993	-	-	8,703	83,766	"	
Vita Genomics, Inc	963	16,724	-	934	-	-	963	17,658	"	
Total		<u>\$ 780,518</u>		<u>\$ 23,183</u>		<u>(\$ 39,465)</u>		<u>\$ 764,236</u>		

Note: It refers to the number of changes in fair value for the current period.

Ho Tung Chemical Corp.
Table of Changes in Investments Using Equity Method
January 1 to December 31, 2023

Table V

Unit: NT\$ thousands

Name	Opening Balance		Increase in the period (Note)		Decrease in the period (Note)		Ending balance		Market value or net equity			Endorsements and guarantees provided	Note
	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Shareholding percentage	Amount	Unit price (NT\$)	Total		
Subsidiaries:													
Paotez Investment Ltd.	20,000	\$ 7,805,433	-	\$ 447,235	-	(\$ 183,974)	20,000	100.00%	\$ 8,068,694	\$392.37	\$ 7,847,364	None	
Hsin Tay Petroleum Co., Ltd	206,542	885,533	-	85,914	-	(80,785)	206,542	100.00%	890,662	4.31	890,662	"	
He Mao Venture Capital Co., Ltd.	7,000	145,129	-	1,151	-	(13)	7,000	100.00%	146,267	20.90	146,267	"	
Inadvance Holdings Ltd.	5,000	230,593	-	11,112	-	(4,963)	5,000	100.00%	236,742	47.35	236,742	"	
Ho Tung Cement Corp.	27,550	438,289	445	126,035	-	(73,535)	27,995	94.78%	490,789	20.44	572,084	"	
Hua Chung Co., Ltd.	1,453	(66,039)	-	188	-	(896)	1,453	72.67%	(66,747)	-	(66,747)	"	
Signpost Enterprises Ltd.	14,674	430,780	-	21,367	-	(9,889)	14,674	100.00%	442,258	30.18	442,920	"	
Top Device Investment Ltd.	4,420	31,967	-	-	-	-	4,420	100.00%	31,967	7.23	31,967	"	
Sharpinvest International Ltd.	3,000	16,051	-	-	-	(1,541)	3,000	100.00%	14,510	4.84	14,510	"	
Ally Solution Ltd.	26,907	481,037	-	1,883	-	(\$ 133,244)	26,907	100.00%	349,676	13.00	349,676	"	
Chenergy Global Co., Ltd.	56,292	443,487	323	22,297	-	(73,824)	56,615	99.99%	391,960	6.84	387,185	"	
Less: Treasury stock		(78,973)		-		-			(78,973)				
Subtotal		<u>10,763,287</u>		<u>717,182</u>		<u>(\$ 562,664)</u>			<u>10,917,805</u>				
Associates:													
Tung Bao Co., Ltd.	23,076	<u>315,255</u>	-	<u>22,959</u>	-	(17,716)	23,076	34.00%	<u>320,498</u>	13.89	320,498	"	
Total		<u>\$ 11,078,542</u>		<u>\$ 740,141</u>		<u>(\$ 580,380)</u>			<u>\$ 11,238,303</u>				

Note: Including acquisition of equity, gains and losses from investment, dividends from distribution, cumulative translation adjustment and changes in equity interest of subsidiaries and associates accounted for using equity method.

Ho Tung Chemical Corp.
Table of Short-term Borrowings
December 31, 2023

Table VI

Unit: NT\$ thousands

Type of loan	Description	Closing balance	Contract period	Interest rate range	Financing limit	Pledge or guarantee	Remarks
Bank credit loan	Hua Nan Commercial Bank	\$ 30,000	2023/10/27 - 2024/1/26	2.10%	Note 1	Note 2	Floating rate
"	Hua Nan Commercial Bank	20,000	2023/12/15 - 2024/3/15	2.10%	"	"	"
"	Bank of Panshin	50,000	2023/11/21 - 2024/2/19	1.95%	Note 3	Note 4	"
"	Mega International Commercial Bank	55,000	2023/11/21 - 2024/5/19	2.00%	Note 5	Note 6	"
		<u>\$ 155,000</u>					

Note 1: Hua Nan Commercial Bank provided loans for material purchase and credit loans amounting to \$500,000.

Note 2: The Company provided Hua Nan Commercial Bank with guaranteed bills for loans for material purchase and credit loans, amounting to \$500,000.

Note 3: Bank of Panshin provided loans for material purchase and credit loans amounting to \$200,000.

Note 4: The Company provided Bank of Panshin with guaranteed bills for loans for material purchase and credit loans, amounting to \$200,000.

Note 5: Mega International Commercial Bank provided loans for material purchase and credit loans amounting to \$150,000.

Note 6: The Company provided Mega International Commercial Bank with guaranteed bills for loans for material purchase and credit loans, amounting to \$150,000.

Ho Tung Chemical Corp.
Table of Accounts Payable
December 31, 2023

Table VII

Unit: NT\$ thousands

Customer Name	Summary	Amount	Remarks
Refining Business Division, CPC Corporation		\$ 108,377	
Other sporadic suppliers		<u>10,493</u>	The balance of each individual supplier does not exceed 5% of the balance of this account
		<u>\$ 118,870</u>	

Ho Tung Chemical Corp.
Table of Long-term Borrowings
December 31, 2023

Table VIII

Unit: NT\$ thousands

Creditors	Summary	Amount of borrowings	Duration of contract	Interest rate	Collaterals or guarantees	Remarks
Hua Nan Commercial Bank	Secured loan	\$ 1,491,000	2023/8/15 - 2028/8/15	2.27%	Property, plant, and equipment of \$277,965 Guaranteed bill \$1,606,500	Notes 1, 2:
Less: Deferred financing expenses		(1,650)				
Total		<u>\$ 1,489,350</u>				

Note 1: Floating interest rate is adopted.

Note 2: Repayment method is described below:

The principal is subject to a grace period of two years, after which the principal will be amortized at 1% per month and the remaining balance will be repaid at maturity.

Ho Tung Chemical Corp.
Table of Income from Sales of Goods
January 1 to December 31, 2023

Table IX

Unit: NT\$ thousands

Item	Quantity	Amount	Remarks
N-paraffins	23,388.51 MT	\$ 839,013	
Isoparaffins	2,992.39 MT	115,915	
Commodity trading		<u>2,546,969</u>	
		<u>\$ 3,501,897</u>	

Ho Tung Chemical Corp.
Table of Operating Costs
January 1 to December 31, 2023

Table X

Unit: NT\$ thousands

Item	Amount		Remarks
	Subtotal	Total	
Cost of sales of goods manufactured by the Company			
Raw material inventory, beginning	\$ 119,663		
Add: Incoming material for the current period	846,841		
Transferred from finished goods	22,831		
Transferred from stock in hand	4,584		
Less: Raw material, ending	(116,577)		
Raw materials consumed	877,342		
Direct labor cost	18,538		
Manufacturing overhead	220,205		
Less: Unallocated fixed manufacturing overheads	(34,275)		
Manufacturing cost	1,081,810		
Add: Finished goods, beginning	83,852		
Less: Finished goods, ending	(157,436)		
Raw materials transferred in	(22,831)		
Production and marketing cost	\$ 985,395		
Unallocated fixed manufacturing overheads		34,275	
Production and marketing cost		1,019,670	
Triangular trade and cost of purchased goods sold			
Products in stock, beginning	\$ 18,026		
Add: Incoming products for the current period	2,476,140		
Less: Products in stock, ending	(44,088)		
Inventory in transit, ending	(854)		
Raw materials transferred in	(4,584)		
Cost of goods sold		2,444,640	
Operating costs	\$ 3,464,310		

Ho Tung Chemical Corp.
Table of Manufacturing Overheads
January 1 to December 31, 2023

Table XI

Unit: NT\$ thousands

Item	Summary	Amount	Remarks
Natural gas expense	\$	64,672	
Depreciation		48,922	
Wages and salaries		27,767	
Utility bills		22,501	
Auxiliary materials consumed		16,488	
Others		<u>39,855</u>	The amount of each item did not exceed 5% of the balance of each account
	\$	<u><u>220,205</u></u>	

Ho Tung Chemical Corp.
Table of Sales and Marketing Expenses
January 1 to December 31, 2023

Table XII

Unit: NT\$ thousands

Item	Summary	Amount	Remarks
Freight charges		\$ 97,440	
Depreciation expense		29,335	
Others		<u>14,792</u>	The amount of each item did not exceed 5% of the balance of each account
		<u>\$ 141,567</u>	

Ho Tung Chemical Corp.
Table of Management Expenses
January 1 to December 31, 2023

Table XIII

Unit: NT\$ thousands

Item	Summary	Amount	Remarks
Wages and salaries		\$ 61,884	
Service expense		10,985	
Others		<u>22,612</u>	The amount of each item did not exceed 5% of the balance of each account
		<u>\$ 95,481</u>	

Ho Tung Chemical Corp.
Summary for Employee Benefits and Depreciations in the Current Period (Countinued)
2023

Table XIV

Unit: NT\$ thousands

By nature \ By function	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Salary expense	\$ 40,653	\$ 58,721	\$ 99,374	\$ 36,526	\$ 53,621	\$ 90,147
Labor insurance and National Health Insurance expense	4,422	3,924	8,346	3,511	3,709	7,220
Pension expense	1,972	1,852	3,824	1,641	1,920	3,561
Directors' remuneration	-	5,846	5,846	-	4,296	4,296
Other employee benefits expenses	2,008	3,252	5,260	1,710	3,779	5,489
Depreciation	48,922	32,052	80,974	50,142	2,727	52,869
Amortization	7	1,053	1,060	-	581	581

Notes:

- For this year and the previous year, the number of employees of the Company were 117 and 109, respectively, and the numbers of Directors who did not serve concurrently as employees were both 8.
- For companies whose shares are listed on the TWSE/TPEX, the following information should also be additionally disclosed:
 - The average employee benefits expenses were \$1,072 thousand for the year. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees]).
The average employee benefits expenses were \$1054 thousand for the prior year. ([Total employee benefit expenses for the prior year - Total directors' remuneration] / [Number of employees for the prior year - Number of directors who do not serve as employees]).
 - The average employees' salary expenses were \$912 thousand for the year. (Total employee salary expenses for the current year / [Number of employees for the current year - Number of directors who do not serve as employees]).
The average employees' salary expenses were \$893 thousand for the prior year. (Total employee salary expenses for the prior year / [Number of employees for the prior year - Number of directors who do not serve as employees]).
 - The change in the average employees' salary expenses was increase by 2.13%. ([The average employee salary expense for the current year - The average employee salary expense for the prior year]/The average employee salary expense for the prior year).

Ho Tung Chemical Corp.
Summary for Employee Benefits and Depreciations in the Current Period (Countinued)
2023

Table XIV

Unit: NT\$ thousands

(4) Review remuneration policy

- A. Directors' remuneration is handled according to Article 26 of Articles of Incorporation of the Company: “When directors carry out the business of the Company, the Company shall pay salaries regardless of operating profit or loss. For the directors’ remuneration and transportation allowance, the Board is authorized to determine the remuneration according to their individual participation in the Company’s operations and the value of their contribution, while taking into account the standard in the industry”. Article 29 of the Company's Articles of Incorporation provides that “If the Company makes a profit for the year, it shall appropriate no less than one percent of such profit for the employees compensation, and no more than three percent of such profit for remuneration to the directors. However, the profit shall first be used to offset against any deficit. The profit for the year stated in the preceding paragraph refers to the annual profit of the Company before tax and deduction of the remuneration of employees and directors. The employees’ compensation may be allotted in cash or stock, and eligible personnel includes employees at subsidiaries that meet the requirement as allotting by stock.
- B. The remuneration structure of the manager consists of a basic salary, manager's bonus, and meal allowance, and is determined based on the manager's education, experience, operating performance, and goal achievement rate, with reference to the standards of the relevant industry, and is implemented after being reviewed by the Remuneration Committee and approved by the Board of Directors. Employees' compensation from the Company's profit-sharing is determined by the Remuneration Committee in accordance with distributed percentage set forth in the Company's Articles of Incorporation and is submitted to the Board of Directors for resolution and ratified at the shareholders' meeting.