正隆股份有限公司
CHENG LOONG CORP.

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Cheng Loong Corp.: http://www.clc.com.tw/

2022 ANNUAL REPORT

Notice to readers

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

Printed on April 30, 2023

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2. Operation Network – Taiwan:

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- **Tayuan Plant**
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- **ChuPei Mill**
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- **Hsinchu Mill**
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  Tel: +886-37-230-661
  Fax: +886-37-230-660
  Tax ID Number: 66849076

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  Fax: +886-4-2639-2750
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- **Houli Mill**
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  Tel: +886-4-2556-5160
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  Tax ID Number: 55053563

- **Talin Plant**
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  Tel: +886-5-295-3110
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- **Yenchao Plant**
  Add: No.333, Zhong'an Rd., Anjau Li, Yanchao Dist., Kaohsiung City 824, Taiwan (R.O.C.)
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- **Yilan Office**
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3. Stock Administration:

Stock Affairs Section
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Tel: +886-2-2222-5131
http://www.clc.com.tw/

4. Auditor:
Mei-Pin Wu and Hung-Wen Fu
KPMG

68F., No. 7, Sec. 5, Xinyi Rd., Taipei City 110615, Taiwan (R.O.C.) (Taipei 101 Tower)
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http://www.kpmg.com.tw/

5. Overseas Securities Exchange

NA

6. Company Website:

http://www.clc.com.tw/

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Letter to Shareholders

Dear shareholders:

Looking back to 2022, the global economy has been hit by multiple complex shocks, including the Russo-Ukrainian War, high inflation, successive central bank interest rate hikes, supply chain restructuring due to the U.S.-China tug-of-war, and the suppressed consumption and investment in China resulting from its "zero COVID" policy. We are currently going through a period of unprecedented challenges. According to S&P Global, the global economic growth for 2022 was forecast to be 3.0%, which was far lower than that of 5.9% in 2021.

The paper industry in Taiwan is highly sensitive to the macro economy, and the demand side is cooling down along with the global economic conditions. Meanwhile, the costs of raw materials, transportation, energy, and labor have been increasing, and although the cost of paper products was adjusted upward at the beginning of the year, it has not been easy to pass on the costs in the latter half of the year due to the imbalance between supply and demand, as it is obvious that price increases were unable to keep pace with the speed with which costs were rising. The impacts on the business environment in each quarter were as follows: In the first quarter, the import price of recycled paper, North Bleached Kraft Pulp (NBKP), and Leaf Bleached Kraft Pulp (LBKP) from Western countries continued to be high due to increased transportation costs; in the second quarter, while coal prices saw a steep rise due to the Russo-Ukrainian War and with mainland China's strict COVID-19 lockdown policy, production was generally shut down and demand decreased; In the third quarter, countries continued to raise interest rates to curb inflation, subjecting the paper packaging market to further challenges in the second half of the year and slowing down domestic momentum; The fourth quarter, ordinarily the peak season for the paper industry, saw public consumption gradually became increasingly cautious, resulting in sub-par performance. The overall operational performance of paper industry in 2022 can be described as "seeking stability in a time of uncertainty." In the face of a challenging year, the industry has adopted strategies such as rotation of production, production cuts, raw material procurement from new sources, and de-stocking as responses. According to the Taiwan Paper Industry Association, total paper production volume in Taiwan in 2022 declined by 5.3% from the previous year to 4.24 million tonnes, while total sales decreased by 3.9% to 4.25 million tonnes, with domestic sales declined by 12.6% to 2.65 million tonnes and export sales grew by 15.2% to 1.6 million tonnes. As a result of the slowdown in the end-market demand, the production and sales of corrugated containers in Taiwan also declined by 8.7%, or around 2.2 billion M^2, compared with last year.

In 2022, total consolidated revenue of the whole group was around NT$43.92 billion, a decrease of 2.4% compared with the previous year, and net profit after taxes amounted to approximately of NT$2.79 billion, a decrease of 32.5%.The overall profile of production and sales is as follows:1,735,908 metric tons of paper & paperboard was produced, a decrease of 9.4%;1,425 million square meters of converting products were produced, a decrease of 4.2%;paper& paperboard sales reached 938,600 metric tons, a decrease of 10.9%; and sales of converting products reached 1,401.81 million square meters, a decrease of 4%. Although the Group's revenue and profit decreased this year compared to those of last year, the Group still outperformed other companies in the industry in terms of profitability thanks to the joint efforts of all factories both domestic and overseas, such as the optimization of product structure and the streamlining of manufacturing processes.

The efforts and highlights of the business and management in 2022 are as follows: (1) Overseas expansion of production has been carried out according to the schedule: PM22 trial operation at the Cheng Loong Binh Duong Paper Co., Ltd., Vietnam, trial running of Ben Cat plant, and planning of construction for new converting plant in Bac Giang. (2) In Taiwan, the Company continued to promote low-carbon and net-zero smart paper: The recycled bleached pulp paper production line at the Tayuan Mill and the biomass thermal power system at the Chupei Mill are expected to be commercially operational in the first half of 2023. (3) Introduction of the third-phase smart manufacturing system: including smart warehousing in the Banqiao Plant, G2 cogeneration at the Houli Mill, and smart cogeneration production at the Tayuan Mill, interactive business intelligence visual analysis system in sales, RPA robotic process automation, and digital inspection system for equipment, etc. (4) With the efforts of the ESG Committee and all employees, the Company has won numerous domestic sustainability awards. In addition to becoming the first domestic paper company to obtain Leadership level recognition in the CDP, the Company is also one of only two Taiwanese companies to be named among the Clean 200 global companies by the Corporate Knights from Canada. Additionally, in response to the Industrial Development Bureau of the Ministry of Economic Affairs' policy of encouraging large corporations to lead small business by example, the Company has taken the lead in establishing a carbon neutral alliance for the paper industry, bringing together 300 supply partners to reduce carbon emissions and transform their operations, as well as to implement green procurement. With regard to overseas operations, Cheng Loong Binh Duong Paper Co., Ltd. obtained the first ISO 14064-1 certification in the Vietnamese paper industry and became the first Taiwan-invested enterprise to be named in the “Top 100 Sustainable Businesses in Vietnam.” Additionally, Vina Tawana Container Co., Ltd. was recognized among the VietNam Top Brands 2022.

In 2023, geopolitical risks remain, the monetary policy of central banks is expected to continue to tighten, and some industries will still face inventory de-stocking pressure in the first half of the year, while China has officially abandoned its “zero COVID” policy and economic activity in the country is expected to recover and get back on track swiftly. Generally speaking, there are more unfavorable factors than favorable ones. According to S&P Global, the global economic growth for 2023 is forecast to be a mere 2.0%. The Directorate General of Budget, Accounting, and Statistics, Executive Yuan, estimates that growth rate of the Taiwanese economy will be 2.12%, while the economic growth rates of China and Vietnam, where the Company’s production and sales offices are located, are estimated to be 5.2% and 6.2%, respectively. In terms of the future of the industry, with recycled paper and pulp prices becoming more reasonable and freight prices decreasing back to where they used to be, the cost pressure is likely to be relieved. The service industry, which was hit hard by the COVID-19 pandemic, is expected to recover and bring growing demand, while localization of supply chains is conducive to overseas business growth opportunities. We remain prudent but optimistic that the relevant derivative packaging paper industry will benefit from this situation.

In the coming year, the Company’s main business policies are as follows: (1) Continue digital transformation, strengthen smart production and sales, and improve the overall efficiency of the Group’s operation; (2) Pay attention to market trends, ensure high-quality sources of materials both domestically and internationally, and develop low-carbon green supply chain systems; (3) Optimize inventory, lighten assets, strengthen cost management, and strictly control capital expenditure; (4) Radiate creative energy, develop niche products, and emphasize brand marketing to enhance the Company’s corporate and industry image; (5) Focus on overseas development, cultivate experts in multiple functions, enhance growth momentum, and expand operating territories; (6) In line with the national 2050 Net Zero policy, deploy fully circular economy, promote low-carbon smart paper, develop green operations, and implement ESG sustainable development; and (7) Strengthen enterprise risk management, develop awareness of information security, and ensure normal operation of the company.

Lastly, we would like to express our sincere appreciation to all shareholders for your support. Thank you and wish all the best.

Sincerely,

Jen-Ming Cheng
Chairperson
Cheng Loong Corporation

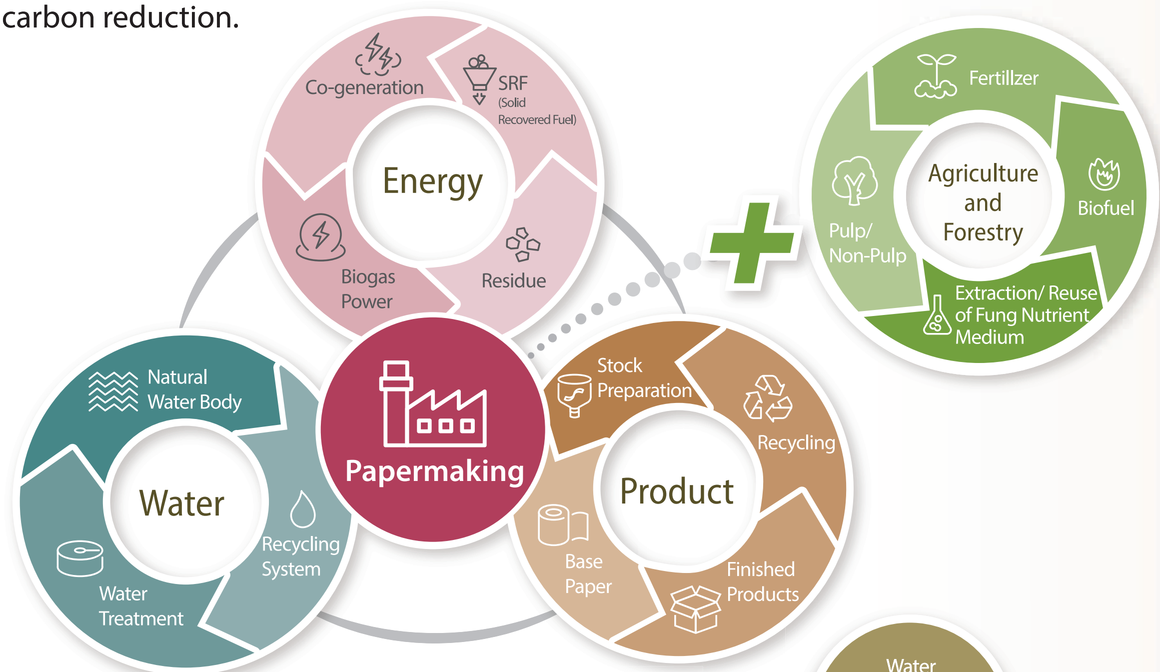
淨 GO ZERO 智紙
TOGETHER FOR A GREENER FUTURE

Deploy Total Circular Economy Implement Net-Zero Ecosystem by 2050

Focus on three development pillars: innovation, circulation, and green energy to constantly expand the deployment of business locations at home and abroad, and develop the circular economy operations. CLC completed the NT$12.6 billion syndicated loan for low-carbon smart papermaking transformation in 2022 and actively move towards zero-carbon transformation and pursue sustainable development by following five featured operational strategies.

Strategy 1 / Promoting S.M.A.R.T. low-carbon papermaking for 3R PLUS Resources of Total Circulation

S.M.A.R.T. Paper: Total circulation of products, energy, water, and agriculture and forestry resources. Annually reuse 1.57 million MT of recovered paper, contributing to 9.1 million MT of carbon reduction.



Subtraction is Addition
Waste to **M**aterial
AI leads in Digital Transformation
Recycling drives Circulation
Technologies innovate Manufacture

Recovered Paper Utilization Ratio **92.5%**
Waste-to-Resource Ratio **95.6%**
Water Circulation **96.3%**
Alternative Fuel Ratio **10.3%**

Note：Use 1 MT of recovered paper may reduce 5.8 MT of carbon emission.
Note：Taiwan only

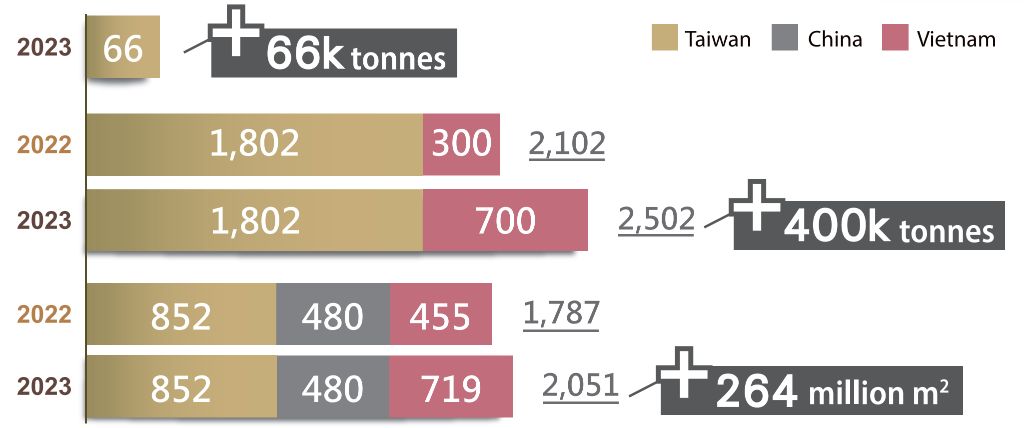
Strategy 2 / Transforming into Asia's new low-carbon and green energy paper company by deploying circulation business locations at home and abroad

Taiwan's No.1 and Asia's largest integrated paper company of industrial paperboard and corrugated container; The 57th largest paper company across the globe; CLEAN 200 Enterprises

Capacity Expansion

Taiwan, Recovered Bleached Pulp Line in Tayuan Mill

Location	Start-Up	Investment
Taiwan, Recovered Bleached Pulp Line in Tayuan Mill	2023	NTD 1.56 billion
Vietnam, Binh Duong Paper Mill, (Phase II)	2023	USD 200 million
Vietnam, Ben Cat Box Plant	2023	USD 23 million
Vietnam, Bac Giang Box Plant	2023	USD 46.4 million



Sustainable Role Model in Taiwan Paper Industry

- CDP - International Environmental Non-Profit Organization: Rated "A-" (Leadership level) on Climate Change – The First Company in Taiwan Paper Industry
- Corporate Knights: 2022 CLEAN 200 – Only Two in Taiwan
- CommonWealth Magazine: The "Excellence in CSR(No.30)" Award for the 9th time
- Vietnam Chamber of Commerce and Industry : Top 100 Corporate Sustainability Index Award – First Taiwan Company in Vietnam
- Asia Business Research and Development Center, Vietnam Private Business Association (VPBA): 2022 TOP10 Vietnam Leading Brand – Vina Tawana Container Plant
- Taiwan Institute for Sustainable Energy: "1st Asia-Pacific Sustainability Action Award : Silver", "TOP 100 Sustainable Enterprises", "Sustainability Reporting Award – Platinum Level", "Circular Economy, Talent Development Leadership Award"
- Global Views Monthly's: Circulation and Sustainability Group – Role Model Award

Note: Ranking among the paper industry depends on The Paper 360°magazine in 2021

Strategy 3 / Planning 4 major scientific carbon reduction pathways

Make a sustainable commitment to move towards 2050 Carbon Neutrality

CLC four major scientific carbon reduction pathways

Enhancement of energy efficiency
Introduce AI smart production and sales to improve carbon reduction benefits through digital transformation.

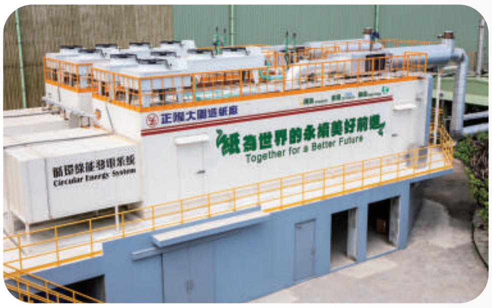
Development of renewable energy
Add wind power, solar PV, biogas, biomass power generation and other green power facilities.

Intensification of circular, low-carbon fuels
Make good use of process residual materials to make SRF (solid recovered fuel) that can replace fossil fuels.

Innovation and application of negative carbon emission technologies
Research and develop innovative technologies such as negative carbon, carbon capture, and NbS.

Green Energy Plan

Biogas	Tayuan Mill (start up in 2022), Houli Mill (planning to start up in 2024)
Biomass power generation	ChuPei Mill (start up in 2023H1), Houli Mill (planning to start up in 2026 and reduce 80k tCO_2e/year)
Solar PV	Houli Mill (start up in 2022)



Tayuan Mill Biogas Power System: Annual power generation 19 million kWh, providing green electricity to 5,300 households annually, which reduced 15,500 t CO_2e.

Energy Saving and Carbon Reduction Results

- 436 energy saving projects (2013~2022)
  Saved 92.01million kWh of electricity
  Reduced GHG emission by 68,994 tonnes of CO_2e
- Binh Duong Paper Mill in Vietnam passed the third-party GHG assurance and received the first ISO 14064-1 GHG inventory certificate of the local paper industry.
- Early deployment of wind power in Chupei Mill, first paper company in Taiwan to obtain 11,917 T-RECs (Accumulated).

CLC completed the NT$3.6 billion and NT$9 billion syndicated loan with Hua Nan Commercial Bank and First Bank, accumulatively completed NT$12.6 billion ESG syndicated loan.

Strategy 4 / Developing comprehensive low-carbon products and services based on the principle of 3R

Taiwan first enterprise acquires the “Carbon Footprint Label” for six household paper products, with the highest transparency of the carbon disclosure in the paper industry.

The items with Carbon Footprint label
100% of growth

Total
6 items

Sales reaching
107 million packs

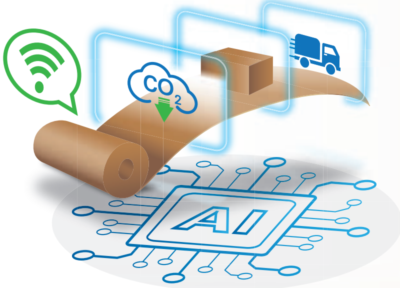
Engage in innovation and R&D, increase recovered paper application, and develop various low-carbon products

- Technological Innovation: applying new raw material and technology to enhance the effectiveness and quality of the production
- Patent R&D: high-waterproof/ fresh-keeping multi-functional carton, coating and dyeing technology and so on
- Expanding household products: promoting household paper, personal hygiene products, household cleaning products, and so on

Strategy 5 / Enhancing carbon reduction effectiveness through digital transformation with AI smart production-sales

Smart Factory | Smart Co-Generation | Digital Inspection | CRM

The first paper company in Taiwan to introduce intelligent paper production and sales. From 2019 to 2022, we promoted a total of 17 " Smart Paper 4.0 " projects to improve the efficiency of production and sales, and improve the efficiency of energy saving and carbon reduction through digital transformation.



Corporate Overview

1. Date of Establishment: February 4, 1959

2. Milestones:

• 1954~1971

1954 Establishment of Cheng Loong Corrugated Paper Box Plant.

1959 Reorganization of Cheng Loong Corrugated Paper Carton Manufactory Co., Ltd. The founder is Mr. Cheng Huo-tian.

1961 Established a paper mill in Banqiao City, Taipei County to complete the integrated operation of papermaking and corrugated container manufacturing.

1967 Established an electrical machinery factory, and renamed the company as Cheng Loong Industrial Co., Ltd.

1970 Reorganized the company and renamed as Cheng Loong Corp.

1971 Established Houli Mill, and publicly listed on the Taiwan Stock Exchange.

• 1972~1981

1973 Established Chungho Paper Box Plant.

1977 Established Talin Paper Box Plant in Chiayi.

1978 Established the Hsinchu Mill at Hsiangshan. Invested in the establishment of the subsidiaries, Long Chen Paper Co., Ltd. and Yueli Machinery Co., Ltd.

1980 Established Yenchao Paper Box Plant in Kaohsiung.

1981 Invested in the establishment of the subsidiaries, Shan Fu Paper Box Co., Ltd. and Shan Loong Transportation Co., Ltd.

• 1982~1991

1984 Houli Mill installed the first co-generation system in Taiwan's paper industry to supply low-cost steam and electricity.

1985 Established Tayuan Display Paper Box Plant.

1987 Established Tayuan Mill.

1989 Invested in the establishment of the subsidiaries, Ko Loong Industry Co., Ltd. and Tawana Container Co., Ltd. Started preparations for the establishment of a printing and writing paper production line.

• 1992~2001

1993 Established Miaoli Paper Box Plant.

1995 Completion of CLC Headquarters: Cheng Loong Square in Banqiao. All the Company's factories obtained ISO 9002 certification. Launched the household paper brand "Andante".

1996 Started up PM7 with a daily production capacity of 600 tons at Houli Mill. Houli Mill obtained ISO 14001 certification.

1999 Merged with Shan Fu Paper Box Co., Ltd. and converted into Tayuan Paper Box Plant and Taichung Paper Box Plant. Invested in the establishment of the subsidiary Gemtech Optoelectronics Corp.

• 2002~2011

2002 All of the Company's factories obtained ISO 9001 (2000 edition) and OHSAS 18001 certification. The overseas subsidiaries, Shanghai Chung Hao Paper Co., Ltd. commenced production.

2003 Implemented Enterprise Resource Planning (ERP) project.

2004 Merged with Tianlong Paper Mill Co., Ltd. The overseas subsidiaries, Shan Fu Paper (Kunshan) Co., Ltd. and Shanghai Chung Loong Paper Co., Ltd. started production.

2005 The overseas subsidiaries, Vina Tawana Container Co., Ltd. and Kunfu Paper (Kunsan) Co., Ltd. commenced production.

2006 The overseas subsidiaries, Suzhou Cheng Loong Paper Co., Ltd. started production. All of the Company's factories obtained ISO 14064 certification.

2007 Won the 15th "Industrial Technology Advancement Award" from the MOEA.

2008 Established the overseas subsidiary "Chung Loong Paper Holdings Limited" to manage all of the subsidiaries in China. The overseas subsidiaries, Cheng Loong (Gwangtung) Paper Co., Ltd. started production.

2009 Awarded "2009 Excellence in CSR (Corporate Social Responsibility) top 50" by CommonWealth Magazine and "2009 Excellence in CSR top 70" by Global Views Magazine. The overseas subsidiary Dongguan Ming Loong Paper Co., Ltd. commenced production.

2010 Merged with Zhangzhou Cheng Loong Paper Co., Ltd. and Qingdao Chung Loong Paper Co., Ltd. The overseas subsidiaries, Cheng Loong Binh Duong Container Co., Ltd. and Chengdu Cheng Loong Packing Products Co., Ltd. started production. "Dandelion" environmental household paper obtained the first "carbon footprint" label in paper industry of Taiwan. Awarded the first "Taiwan Environmental Hero Award" by Global Views Magazine. Divested subsidiary Yueli Machinery Co., Ltd.

2011 The recycled containerboard machine PM10 commenced production with a capacity of 1,200 tonne/day at Houli Mill. Ranked on "Top 100 Taiwan Brands" and "Top 100 Taiwan Innovators" by MOEA Divested overseas subsidiary Tawana Container Co., Ltd.

• 2012~2022

2013 Chupei Mill won the 3rd "Taiwan Green Classics Award" from MOEA and the "Green Procurement Award" from EPA.

2014 Published the first "Corporate Social Responsibility Report" in Taiwan's paper industry and won the Taiwan Corporate Sustainability Awards. The Chupei Mill received the "National Standardization Award" from MOEA.

2015 Merged with Shan Fu Paper Co., Ltd. The household machine PM16 commenced production in Chupei Mill. All of the paper mills and paper box plants in Taiwan were certificated with ISO50001 Energy Management System. Invested in the establishment of Cheng Loong Binh Duong Paper Co., Ltd.

2016 Ranked one of the top 40 enterprises by the Global Views Monthly Corporate Social Responsibility Awards. Cheng Loong Long An Container Co., Ltd., the 3rd box plant in Vietnam, commenced production.

2017 Received the prize of "Excellence in CSR" award for the sixth time by CommonWealth Magazine. Chupei Mill won the "Low-carbon Product Award" from EPA.

2018 Tayuan Mill, Houli Mill, and Chupei Mill all won the highest level Two Star Award launched by the Environmental Protection Administration in 2018 for "Circular Economic Evaluation of Waste Resources." Disposed of equity of the overseas company "Shanghai Chung Loong Paper Co., Ltd." The trial production of Machine No. 1 (industrial paper machine with daily output of 1000 tons) at Cheng Loong Binh Duong Paper Co., Ltd. was completed, and it has been put into production.

2019 The Chupei Mill won the Silver Award of the first "National Enterprise Environmental Protection Award" and a 2019 Low-Carbon Product Excellence Award. A second-level paper mill of Cheng Loong Long An Container Co., Ltd., was put into operation.

2020 In 2019, Cheng Loong's CSR report obtained the AA1000 Type 1 moderate-level third-party assurance for the first time, while Cheng Loong won the award for Excellence in CSR presented by the CommonWealth Magazine for the seventh time, won the High Distinction Award for Low-Carbon Products and the Carbon Footprint Coefficient Contribution Award from the Environmental Protection Agency, and was recognized with the Taiwan Circular Economy Awards (TCEA) by the Chung-Hua Institution for Economic Research.

2021 Cheng Loong's CSR report has obtained AA1000 Type 1 moderate-level assurance by a third party for two consecutive years, won the award for Excellence in CSR presented by the CommonWealth Magazine's for the eighth time, the BCCT Corporate Social Responsibility Award, and the three major indicative awards of the TCSA, and the EPA's Excellent Entity for Green Procurement.

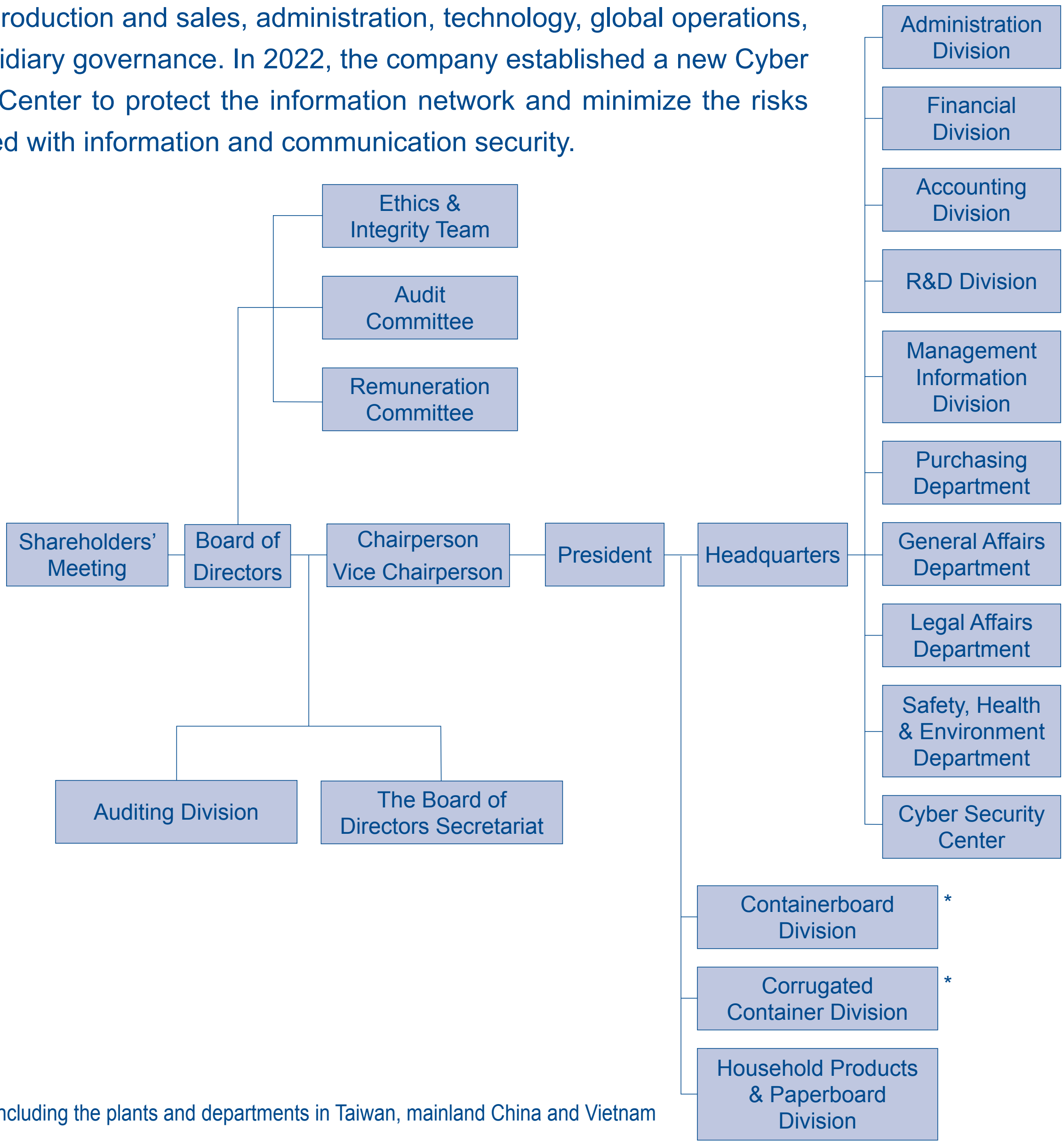
2022 Cheng Loong's CSR report obtained AA1000 Type 1 moderate-level assurance from a third party for three consecutive years, won the award for Excellence in CSR presented by CommonWealth Magazine for the ninth time, became one of the only two Taiwanese companies to be listed in the 2022 Global Clean200 Companies by the Corporate Knights from Canada, won Silver at the Asia-Pacific Sustainability Action Awards (APSAA),launched the first carbon neutral alliance in the paper industry, received four major benchmark awards from the TCSA, awarded the EPA's Excellent Entity for Green Procurement.

Corporate Governance Report

1. Organizational System:

The organizational structure of the company is divided into four major systems, including Headquarters, Containerboard Division, Corrugated Container Division and Household Products & Paperboard Division. Additionally, the company has affiliate enterprises distributed both at home and abroad. While each entity has an independent production and sales system, they are closely linked in terms of industrial structure and market regulation. To ensure effective business coordination, integration, and long-term research & development, the Headquarters is responsible for overall planning and establishing supervisory mechanisms for domestic and overseas subsidiaries according to legal requirements.

The headquarters of the company consists of Administration Division, Financial Division, Accounting Division, R&D Division, and Management Information Division as well as the Auditing Division established under the Board of Directors. These divisions serve as the business management center for the entire company, overseeing quality control, production and sales, administration, technology, global operations, and subsidiary governance. In 2022, the company established a new Cyber Security Center to protect the information network and minimize the risks associated with information and communication security.



* Including the plants and departments in Taiwan, mainland China and Vietnam

2. Information on Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and the Management Team

A. Director

Title	Nationality	Name	Gender, Age	Date Elected	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding	
							Shares	%	Shares	%
Chairperson	Republic of China	Jen-Ming Cheng	M 41-50	June 10, 2022	3	August 21, 2001	13,632,194	1.23	13,632,194	1.23
Vice Chairperson	Republic of China	Su-Yun Cheng	F 41-50	June 10, 2022	3	April 21, 1998	11,676,197	1.05	11,676,197	1.05

April 11, 2023

Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Positions in the Company or other Companies	Executives or Directors who Are Spouses or within Two Degrees of Kinship			Remarks
Shares	%	Shares	%			Title	Name	Relationship	
3,000	-	-	-	Vice Chairperson, Cheng Loong Corp. Vice Chairperson, Ta-Yuan Cogen Co., Ltd. Bachelor, Business, Northeastern University, U.S.	CEO, Cheng Loong Corp. Chairperson, Shin Loong Lifecare Corp. Vice Chairperson, Ta-Yuan Cogen Co., Ltd. Chairperson, Cheng Huotien Charity Foundation Executive Director, Taiwan Paper Industry Association Director, Shine Far Co., Ltd. Director, Sun Favorite Co., Ltd. Director, Jen Yun Co., Ltd. Director, Wen Gin Development Co., Ltd. Director, Shine Far Construction Co., Ltd. Director, Shine Far Property Co., Ltd. Director, Shine Far Electromechanical Co., Ltd. Director, Cheng Loong Investment Co., Ltd. Director, Chung Win Investments Limited (Hong Kong) Supervisor, Yamahatsu Nihon Co., Ltd. Please refer to the "Information on Affiliated Companies" for details.	Vice Chairperson	Su-Yun Cheng	Siblings	-
-	-	-	-	Chairperson of Cheng Loong Corp. MBA, Waseda University, Japan	Deputy CEO, Cheng Loong Corp. Chairperson, Gem Tech Optoelectronics Corp. Chairperson, Kai Shih Investment Co., Ltd. Director, Shan Loong Transportation Co., Ltd. Director, Shine Far Co., Ltd. Director, Sun Favorite Co., Ltd. Director, Jen Yun Co., Ltd. Director, Shine Far Construction Co., Ltd. Director, Cheng Loong Investment Co., Ltd. Supervisor, Shin Loong Lifecare Corp. Director, Chung Win Investments Limited (Hong Kong) Director, Yamahatsu Nihon Co., Ltd. Director, Ming Foong Plastic (Singapore)Co., Ltd.	Chairperson	Jen-Ming Cheng	Siblings	-

Title	Nationality	Name	Gender, Age	Date Elected	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding	
							Shares	%	Shares	%
Director	Republic of China	Yen-Hao Chen	M 61-70	June 10, 2022	3	June 13, 2007	11,820,692	1.07	11,820,692	1.07
Director	Republic of China	Shine Far Co., Ltd. Rep.: Mu-Hsiang Peng	M 61-70	June 10, 2022	3	February 28, 1983	27,236,182	2.46	27,236,182	2.46
							48,633	-	48,633	-
Director	Republic of China	Ming Foong Plastic Co., Ltd. Rep.: Ching-Huei Yu	M 71-80	June 10, 2022	3	March 16, 1989	15,031,611	1.36	15,031,611	1.36
							816,612	0.07	816,612	0.07
Director	Republic of China	Sun Favorite Co., Ltd. Rep.: Ching-Biao Chang	M 71-80	June 10, 2022	3	April 27, 2001	54,595,078	4.93	58,206,078	5.25
							161,376	0.02	161,376	0.02
Independent Director	Republic of China	Yung-Chi Wang	M 71-80	June 10, 2022	3	June 14, 2013	66,393	0.01	66,393	0.01

Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Positions in the Company or other Companies	Executives or Directors who Are Spouses or within Two Degrees of Kinship			Remarks
Shares	%	Shares	%			Title	Name	Relationship	
-	-	-	-	Chairperson, Hao Shang Construction Enterprise Co., Ltd. Chairperson, Ten Fu Investment Co., Ltd. Director, Tian Long Industrial Co., Ltd. Bachelor, Electronic Computer Science, Tamkang University	Chairperson, Hao Shang Construction Enterprise Co., Ltd. Chairperson, Ten Fu Investment Co., Ltd.	-	-	-	-
-	-	-	-	Vice President, Cheng Loong Corp. Department of Mechanical Engineering, Nanya Institute of Technology	Vice President, Cheng Loong Corp. Director, Taiwan Paper Industry Association	-	-	-	-
4,626	-	-	-						-
-	-	-	-	Vice President, Cheng Loong Corp. Bachelors in Banking And Insurance, Tamkang College of Sciences and Literatures	Vice President, Cheng Loong Corp. Director, Ming Foong Plastic Co., Ltd. Supervisor, Gem Tech Optoelectronics Corp. Director, Shine Far long-term care corporation Director, Dongguan Ming Foong Plastics Co., Ltd. Director, Sun favorite (Shanghai) Co., Ltd. Chairperson, Phu Kieu Viet Nam Co., Ltd. Please refer to the "Information on Affiliated Companies" for details.	-	-	-	-
1,165	-	-	-						-
-	-	-	-	President, Cheng Loong Corp. Masters in Forestry, National Chung Hsing University EMBA, National Chiao Tung University	President, Cheng Loong Corp. Director, Gem Tech Optoelectronics Corp. Convenor of the Supervisory Board, Taiwan Paper Industry Association	-	-	-	-
14,884	-	-	-						-
-	-	-	-	President, Long Chen Paper Co., Ltd. KaiNan Vocational High School Managers' post graduate study, Tunghai University	Member of Audit Committee, Cheng Loong Corp. Member of Remuneration Committee, Cheng Loong Corp. Managing Director, Hwa Fong Paper Product Co., Ltd. Director, Shiu Lung Paper Product Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender, Age	Date Elected	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding	
							Shares	%	Shares	%
Independent Director	Republic of China	Fu-Hsing Chang	M 61-70	June 10, 2022	3	June 06, 2016	-	-	-	-
Independent Director	Republic of China	Feng-Chih Huang	M 51-60	June 10, 2022	3	June 10, 2022	-	-	-	-

Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Positions in the Company or other Companies	Executives or Directors who Are Spouses or within Two Degrees of Kinship			Remarks
Shares	%	Shares	%			Title	Name	Relationship	
-	-	-	-	Associate Professor, Chihlee University of Technology Associate Professor, National Yunlin University of Science and Technology Ph.D. in Accounting, National Chengchi University	Member of Audit Committee, Cheng Loong Corp. Member of Remuneration Committee, Cheng Loong Corp. Associate Professor, Chihlee University of Technology Independent Director, SynCore Biotechnology Co., Ltd. Member of Audit Committee, SynCore Biotechnology Co., Ltd. Member of Remuneration Committee, SynCore Biotechnology Co., Ltd. Independent Director, YuFo Electronics Co., Ltd. Member of Audit Committee, YuFo Electronics Co., Ltd. Member of Remuneration Committee, YuFo Electronics Co., Ltd. Member of Remuneration Committee, Sinphar Pharmaceutical Co., Ltd.	-	-	-	-
-	-	-	-	Masters in Business Administration, State University of New York Chairperson, Chih Wei Management Consulting Co., Ltd. Senior Vice President, International Financing Department of CTBC Bank President, Asia-Pacific International Business, HSBC Bank (China) Co., Ltd.	Member of Audit Committee, Cheng Loong Corp. Member of Remuneration Committee, Cheng Loong Corp. Chairperson, Chih Wei Management Consulting Co., Ltd. Independent Director, T-CONN Precision Corporation Member of Audit Committee, T-CONN Precision Corporation Member of Remuneration Committee, T-CONN Precision Corporation Independent Director, Tainan Enterprise (Cayman) CO., Limited Member of Audit Committee, Tainan Enterprise (Cayman) CO., Limited Member of Remuneration Committee, Tainan Enterprise (Cayman) CO., Limited	-	-	-	-

I. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Criteria / Name	Professional qualifications and expertise	Independent status	Also a member of Compensation Committee to other public companies (number of firms)
Jen-Ming Cheng	1. Over five years of experience in commercial and corporate business–Chairperson, Cheng Loong Corp., Vice Chairperson, Cheng Loong Corp., Vice Chairperson, Ta-Yuan Cogen Co., Ltd. 2. Not engaged in affairs described in Article 30 of Company Act		
Su-Yun Cheng	1. Over five years of experience in commercial and corporate business–Chairperson, Cheng Loong Corp., Vice Chairperson, Cheng Loong Corp., Chairperson, GemTech Optoelectronics Corp., 2. Not engaged in affairs described in Article 30 of Company Act		
Yen-Hao, Chen	1. Over five years of experience in commercial and corporate business–Chairperson, Hao Shang Construction Enterprise Co., Ltd., Chairperson, Ten Fu Investment Co., Ltd., Director, Tian Long Industrial Co., Ltd. 2. Not engaged in affairs described in Article 30 of Company Act		
Shine Far Co., Ltd. Rep.: Mu-Hsiang Peng	1. Over five years of experience in commercial and corporate business–Vice President, Cheng Loong Corp., Assistant Vice President, Cheng Loong Corp. 2. Not engaged in affairs described in Article 30 of Company Act		
Ming Foong Plastic Co., Ltd. Rep.: Ching-Huei Yu	1. Over five years of experience in commercial and corporate business–Vice President, Cheng Loong Corp. 2. Not engaged in affairs described in Article 30 of Company Act		
Sun Favorite Co., Ltd. Rep.: Ching-Biao Chang	1. Over five years of experience in commercial and corporate business–President, Cheng Loong Corp., Vice President, Cheng Loong Corp. 2. Not engaged in affairs described in Article 30 of Company Act		

Criteria / Name	Professional qualifications and expertise	Independent status	Also a member of Compensation Committee to other public companies (number of firms)
Yung-Chi Wang	1. Over five years of experience in commercial and corporate business–President, Long Chen Paper Co., Ltd. 2. Not engaged in affairs described in Article 30 of Company Act	1. Not the person, the person's spouse, relative within the second degree of kinship, of a director, supervisor or an employee of the company or any of its affiliates; 2. Number and proportion of the Company shares (66,393 shares/0.01%) held by the person who holds shares, together with those held by the person's spouse and second-degree relatives (or in the name of others) ; 3. Not a Director, Supervisor, or an employee of the Company or any of its affiliates (referenced from Subparagraph 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); 4. Remuneration for business, legal, financial, accounting and other services provided to the Company or its affiliates in the last two years accounts for 0.	
Fu-Hsing Chang	1. Obtained CPA certificate 2. Obtained CPA qualification certificate 3. Ph.D. in Accounting, National Chengchi University 4. Associate Professor, National Yunlin University of Science and Technology 5. Serving as the specially appointed associate professor of Chihlee University of Technology for more than 5 years 6. Not engaged in affairs described in Article 30 of Company Act	1. Not the person, the person's spouse, relative within the second degree of kinship, of a director, supervisor or an employee of the company or any of its affiliates; 2. 0 shares held by the person who holds shares, together with those held by the person's spouse and second-degree relatives (or in the name of others); 3. Not a Director, Supervisor, or an employee of the Company or any of its affiliates (referenced from Subparagraph 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); 4. Remuneration for business, legal, financial, accounting and other services provided to the Company or its affiliates in the last two years accounts for 0.	2

Criteria / Name	Professional qualifications and expertise	Independent status	Also a member of Compensation Committee to other public companies (number of firms)
Feng-Chih Huang	1. Over five years of experience in commercial and corporate business–Chairperson, Chih Wei Management Consulting Co., Ltd., Senior Vice President, International Financing Department of CTBC Bank, and President, Asia-Pacific International Business, HSBC Bank (China) Co., Ltd. 2. Not engaged in affairs described in Article 30 of Company Act	1. Not the person, the person's spouse, relative within the second degree of kinship, of a director, supervisor or an employee of the company or any of its affiliates; 2. 0 shares held by the person who holds shares, together with those held by the person's spouse and second-degree relatives (or in the name of others) ; 3. Not a Director, Supervisor, or an employee of the Company or any of its affiliates (referenced from Subparagraph 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); 4. Remuneration for business, legal, financial, accounting and other services provided to the Company or its affiliates in the last two years accounts for 0.	2

II. Diversity and independence of Board of Directors:

(I.) Diversity:

i. Diversity policy:

The composition of the Company's Board of Directors shall be based on diversification, and an appropriate diversification policy shall be developed in terms of its own operations, types of operations, and development needs, which shall include, but not limited to, the following two major dimensions:

(1) Basic conditions and values: gender, age, nationality, and culture.

(2) Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

Board members shall generally have the knowledge, skills and competence necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board shall have the following overall capabilities: (1) operational judgment, (2) accounting and financial analysis capabilities, (3) management capabilities, (4) crisis management capabilities, (5) industry knowledge, (6) international market vision, (7) leadership, and (8) decision-making ability.

ii. Practical objectives and implementation situation:

The Company's Board of Directors is aimed to consist of Directors of different genders, ages, professional knowledge and backgrounds, with at least one female Director, at least one Director with financial and accounting background, and over 50% of Directors with practical management experiences in the papermaking field. The Board of Directors consists of nine Directors, including one female Director (accounting for 11%), two Director with financial and accounting background (accounting for 22%), and six Directors with practical management experiences in the papermaking field (accounting for 67%), five Directors with an employee status (accounting for 56%) and three Independent Directors (accounting for 33%). The seniority of three Independent Directors, one is one to three years, the other is seven to nine years and another is over nine years; two of the Directors are under 49 years old, and the other seven Directors are over 50 years old. The professional backgrounds and capabilities of the Board members as a whole are as follows:

Diversified Core Projects		Nationality	Gender	Concurrent Employee of the Company*	Age		Seniorityof Independent Directors		
Title	Name				Under 49 of Age	50 or Older of Age	1-3 Years	7-9 Years	Over 9 Years
Chairperson	Jen-Ming Cheng	Republic of China	Male	✓	✓				
Vice Chairperson	Su-Yun Cheng	Republic of China	Female	✓	✓				
Director	Yen-Hao Chen	Republic of China	Male			✓			
Director	Shine Far Co., Ltd. Rep.: Mu-Hsiang Peng	Republic of China	Male	✓		✓			
Director	Ming Foong Plastic Co., Ltd. Rep.: Ching-Huei Yu	Republic of China	Male	✓		✓			
Director	Sun Favorite Co., Ltd. Rep.: Ching-Biao Chang	Republic of China	Male	✓		✓			
Independent Director	Yung-Chi Wang	Republic of China	Male			✓			✓
Independent Director	Fu-Hsing Chang	Republic of China	Male			✓		✓	
Independent Director	Feng-Chih Huang	Republic of China	Male			✓	✓		

(ii.) Independence:

The Company of the Board of Directors consists of nine Directors, including three Independent Directors (accounting for 33%).The number of Directors who are spouses to another or the Direcotors' second-degree relatives does not exceed 50% of the Directors, and only the Chairperson, Jen-Ming Cheng is the younger brother of the Vice Chairperson, Su-Yun Cheng. The Board of Directors is therefore independent.

Operational Judgment Ability	Accounting and Ainancial Analysis Ability	Operational Management Ability	Crisis Handling Ability	Industry Knowledge	International Market Vision	Leadership Ability	Decision-Making Ability
✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓
✓		✓	✓		✓		
✓		✓	✓	✓	✓	✓	✓
✓		✓	✓	✓	✓	✓	✓
✓		✓	✓	✓	✓	✓	✓
✓		✓		✓	✓	✓	
✓	✓	✓			✓		
✓	✓	✓			✓		

(1) Major Shareholders of Institutional Shareholders of the Company

April 11, 2023

Name of corporate shareholders	Major Direct and Indirect Institutional Shareholders	
Shine Far Co., Ltd.	Sun Favorite Co., Ltd.	52.81%
	Jen Yun Co., Ltd.	23.71%
	Shine Far Construction Co., Ltd.	17.23%
	Jyuan-Jyuan Lu	1.53%
	Hsing-Jui Li	1.00%
	Jen-Ai Chung	0.98%
	Shan-Loong Transportation Co., Ltd.	0.87%
	Tong-Ho Tsai	0.59%
	Ai-Ling Ci	0.51%
	Ming-Quan Xie	0.43%
Ming Foong Plastic Co., Ltd.	Chen-Loong Cheng	19.53%
	Shine Far Construction Co., Ltd.	19.31%
	Jyuan-Jyuan Lu	13.91%
	Cheng Loong Corp.	8.14%
	Sun Favorite Co., Ltd.	4.64%
	Wen-Ming Cheng	4.13%
	Shine Far Co., Ltd.	3.91%
	Jin-Chong Lin	3.57%
	Jhu-Er Lin Lu	3.57%
	Hui-Chun Su	2.93%
Sun Favorite Co., Ltd.	Ai-Ling Ci	22.39%
	Jhen Lu	20.90%
	Ciao-Yun Cheng	17.53%
	Su-Yun Cheng	17.53%
	Chen-Loong Cheng	12.24%
	Jyuan-Jyuan Lu	8.96%
	Jen Yun Co., Ltd.	0.45%

(2) Major Indirect Institutional Shareholders

April 11, 2023

Name of the legal person	Main shareholders of corporate shareholders	
Cheng Loong Corp.	Sun Favorite Co., Ltd.	5.25%
	Fubon Life Insurance Co, Ltd.	4.50%
	Shine Far Construction Co., Ltd.	4.37%
	Wen Ging Development Co., Ltd.	4.12%
	Jen Yun Co., Ltd.	4.07%
	CLC Employee Welfare Committee	3.11%
	Shan-Loong Investment Co., Ltd.	2.87%
	Shine Far Co., Ltd.	2.46%
	CLC employee stock ownership trust in CTBC Bank	2.26%
	CLC employee stock ownership trust in Taipei Fubon Commercial Bank	2.04%
Shan-Loong Transportation Co., Ltd.	Cheng Loong Corp.	9.24%
	Cyong-Miao Ye	6.98%
	Shine Far Co., Ltd.	6.10%
	Shine Far Construction Co., Ltd.	4.91%
	Jen-Ming Cheng	4.77%
	Shan-Loong Transportation employee stock ownership trust in CTBC Bank	3.55%
	Cheng Loong Investment Co., Ltd.	3.55%
	Jen- Hong Cheng	3.15%
	Sun Favorite Co., Ltd.	1.39%
	Yen-Ming Chen	1.31%
Jen Yun Co., Ltd.	Chung Win Investments Limited	23.53%
	Jhen Lu	14.12%
	Ai-Ling Ci	14.12%
	Su-Yun Cheng	14.12%
	Jyuan-Jyuan Lu	14.12%
	Ciao-Yun Cheng	11.76%
	Chu-Chun Hsiung	5.88%
	Chen-Loong Cheng	2.35%
Shine Far Construction Co., Ltd.	Jhen Lu	26.49%
	Ai-Ling Ci	26.49%
	Su-Yun Cheng	15.00%
	Jyuan-Jyuan Lu	13.26%
	Ciao-Yun Cheng	10.27%
	Chen-Loong Cheng	8.13%
	Wen Gin Development Co., Ltd.	0.36%
Shine Far Co., Ltd.	Please refer to P. 25	
Sun Favorite Co., Ltd.		

B. Profiles of the Management Team

April. 11, 2023

Title	Nationality	Name	Gender	Date of Appointment	Shareholding		Spouse & Minor Shareholding	
					Shares	%	Shares	%
CEO	Republic of China	Jen-Ming Cheng	M	July 1, 2022	13,632,194	1.23	3,000	-
Deputy CEO	Republic of China	Su-Yun Cheng	F	July 1, 2022	11,676,197	1.05	-	-

Shareholding by Nominee Arrangement		Experience and Education	Other Positions in the Company or other Companies	Managers who Are Spouses or within Two Degrees of Kinship			Remarks
Shares	%			Title	Name	Relationship	
-	-	Vice Chairperson, Cheng Loong Corp. Vice Chairperson, Ta-Yuan Cogen Co., Ltd. Bachelor, Business, Northeastern University, U.S.	Chairperson, Cheng Loong Corp. Chairperson, Shin Loong Lifecare Corp. Vice Chairperson, Ta-Yuan Cogen Co., Ltd. Chairperson, Cheng Huotien Charity Foundation Executive Director, Taiwan Paper Industry Association Director, Shine Far Co., Ltd. Director, Sun Favorite Co., Ltd. Director, Jen Yun Co., Ltd. Director, Wen Gin Development Co., Ltd Director, Shine Far Construction Co., Ltd. Director, Shine Far Property Co., Ltd. Director, Shine Far Electromechanical Co., Ltd. Director, Cheng Loong Investment Co., Ltd. Director, Chung Win Investments Limited (Hong Kong) Supervisor, Yamahatsu Nihon Co., Ltd. Please refer to the “Information on Affiliated Companies” for details.	Deputy CEO	Su-Yun Cheng	Siblings	-
-	-	Chairperson of Cheng Loong Corp. MBA, Waseda University, Japan	Vice Chairperson, Cheng Loong Corp. Chairperson, Gem Tech Optoelectronics Corp. Chairperson, Kai Shih Investment Co., Ltd. Director, Shan Loong Transportation Co., Ltd. Director, Shine Far Co., Ltd. Director, Sun Favorite Co., Ltd. Director, Jen Yun Co., Ltd. Director, Shine Far Construction Co., Ltd. Director, Cheng Loong Investment Co., Ltd. Supervisor, Shin Loong Lifecare Corp. Director, Chung Win Investments Limited (Hong Kong) Director, Yamahatsu Nihon Co., Ltd. Director, Ming Foong Plastic (Singapore) Co., Ltd.	CEO	Jen-Ming Cheng	Siblings	-

Title	Nationality	Name	Gender	Date of Appointment	Shareholding		Spouse & Minor Shareholding	
					Shares	%	Shares	%
President	Republic of China	Ching-Biao Chang	M	September 01, 2021	161,376	0.02	14,884	-
Vice President	Republic of China	Ching-Huei Yu	M	December 16, 2019	816,612	0.07	1,165	-
Head of Containerboard Division	Republic of China	Mu-Hsiang Peng	M	September 01, 2021	48,633	-	4,626	-
Head of Corrugated Container Division	Republic of China	Tseng-Fu Hou	M	July 01, 2014	96,632	0.01	3,564	-
Head of Household Products & Paperboard Division	Republic of China	Yi-Chin Chen	M	September 01, 2021	15,137	-	-	-
Head of Auditing Division	Republic of China	Feng-Chih Yeh	M	October 01, 2017	181,153	0.02	-	-

Shareholding by Nominee Arrangement		Experience and Education	Other Positions in the Company or other Companies	Managers who Are Spouses or within Two Degrees of Kinship			Remarks
Shares	%			Title	Name	Relationship	
-	-	President, Cheng Loong Corp. Master in Forestry, National Chung Hsing University EMBA, National Chiao Tung University	Director, Cheng Loong Corp. Director, Gem Tech Optoelectronics Corp. Convenor of the Supervisory Board, Taiwan Paper Industry Association	-	-	-	-
-	-	Vice President, Cheng Loong Corp. Bachelors in Banking And Insurance, Tamkang College of Sciences and Literatures	Director, Cheng Loong Corp. Director, Ming Foong Plastic Co., Ltd. Supervisor, GemTech Optoelectronics Corp. Director, Shine Far long-term care corporation Director, Ming Foong Plastics (Dong Guan) Co., Ltd. Director, Sun favorite (Shanghai) Co., Ltd. Chairperson, Phu Kieu Viet Nam Company Please refer to the “Information on Affiliated Companies” for details.	-	-	-	-
-	-	Vice President, Cheng Loong Corp. Department of Mechanical Engineering, Nanya Institute of Technology	Director, Taiwan Paper Industry Association	-	-	-	-
-	-	Vice President, Cheng Loong Corp. Bachelor, Chemistry, National Chung Hsing University	Please refer to the “Information on Affiliated Companies” for details.	-	-	-	-
-	-	Assistant Vice President, Cheng Loong Corp. Department of Mechanical Engineering, Lee-Ming Institute of Technology	-	-	-	-	-
-	-	Assistant Vice President, Cheng Loong Corp. Bachelor, Business Administration, National Cheng Kung University	-	-	-	-	-

Title	Nationality	Name	Gender	Date of Appointment	Shareholding		Spouse & Minor Shareholding	
					Shares	%	Shares	%
Head of R&D Division	Republic of China	Tsun-Hui Chuang	M	July 01, 2022	95,907	0.01	296	-
Head of Administration Division	Republic of China	Hsiang-Chu Lin	M	July 01, 2022	32,897	-	-	-
Head of Financial Division	Republic of China	Kun-Ming Yang	M	August 01, 2022	60,241	0.01	-	-
Head of Accounting Division	Republic of China	Tai-Lang Ho	M	July 01, 2022	318,743	0.03	23,000	-
Head of Management Information Division	Republic of China	Chen-Kuang Liu	M	January 01, 2021	6,860	-	2,000	-
Chief corporate governance officer	Republic of China	Kun-Ming Yang	M	August 01, 2022	60,241	0.01	-	-
Chief information security officer	Republic of China	Chen-Kuang Liu	M	June 01, 2022	6,860	-	2,000	-

Shareholding by Nominee Arrangement		Experience and Education	Other Positions in the Company or other Companies	Managers who Are Spouses or within Two Degrees of Kinship			Remarks
Shares	%			Title	Name	Relationship	
-	-	Vice President, Cheng Loong Corp. EMBA, National Taiwan University of Science and Technology	-	-	-	-	-
-	-	Vice President, Cheng Loong Corp. Bachelor, Agricultural Education, National Chung Hsing University	Director, Cheng Huotien Charity Foundation Director, Cheng Loong Children's Care Foundation	-	-	-	-
-	-	Assistant Vice President, Cheng Loong Corp. Master, Department of Business Administration, Fu Jen Catholic University	Please refer to the "Information on Affiliated Companies" for details.	-	-	-	-
-	-	Vice President, Cheng Loong Corp. EMBA, Tamkang University	Director, Cheng Huotien Charity Foundation Director, Cheng Loong Children's Care Foundation Director, Ko Loong Industry Co., Ltd. Please refer to the "Information on Affiliated Companies" for details.	-	-	-	-
-	-	Assistant Vice President, Cheng Loong Corp. Chemical Engineering, Chinese Culture University	-	-	-	-	-
-	-	Assistant Vice President, Cheng Loong Corp. Master, Department of Business Administration, Fu Jen Catholic University	Please refer to the "Information on Affiliated Companies" for details.	-	-	-	-
-	-	Assistant Vice President, Cheng Loong Corp. Chemical Engineering, Chinese Culture University	-	-	-	-	-

3. Remuneration Paid Out to Directors, President, and Vice Presidents in the Most Recent Year

Remuneration of Directors

December 31, 2022
Unit: NT$1,000

Title	Name	Director's Remuneration							
		Base Compensation (A)		Severance Pay and Pensions (B)		Remuneration for Directors (C)		Operation Allowances (D)	
		CLC	Consolidated Companies	CLC	Consolidated Companies	CLC	Consolidated Companies	CLC	Consolidated Companies
Chairperson	Jen-Ming Cheng	-	-	-	-	-	-	11,600	13,595
Vice Chairperson	Su-Yun Cheng								
Director	Yen-Hao, Chen								
Director	Shine Far Co., Ltd. Rep.: Tong-Ho Tsai (Note 3)								
Director	Shine Far Co., Ltd. Rep.: Mu-Hsiang Peng (Note 4)								
Director	Ming Foong Plastic Co., Ltd. Rep.: Ching-Huei Yu								
Director	Sun Favorite Co., Ltd. Rep.: Ching-Biao Chang								
Independent Director	Yung-Chi Wang	-	-	-	-	-	-	5,110	5,110
Independent Director	Fu-Hsing Chang								
Independent Director	Yao-Ming Yang (Note 3)								
Independent Director	Feng-Chih Huang (Note 4)								

Note 1: In accordance with the provision of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to the directors based on the extent to which the directors participate in the operation of the Company and the value of their contributions while referring to the fixed remuneration provided by the companies in the same industry, and there is no variable remuneration distributed based on the Company's profitability.

Note 2: In addition to the information disclosed above, other remuneration collected by directors during the past year for providing services (e.g. serving as a consultant for clc/consolidated companies/ non-employees of reinvestment business): None.

Note 3: Resigned after the re-election on June 10, 2022.

Note 4: Appointed after the re-election on June 10, 2022.

Ratio and amount of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are also Employees										Ratio and amount of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration Obtained from Reinvestment Business Other Than the Subsidiaries or the Parent Company
		Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Bonus to Employees from Distribution of Earnings (G)						
CLC	Consolidated Companies	CLC	Consolidated Companies	CLC	Consolidated Companies	CLC		Consolidated Companies		CLC	Consolidated Companies	
						Cash	Stock	Cash	Stock			
11,600 / 0.46	13,595 / 0.54	30,657	34,378	332	332	340	-	340	-	42,929 / 1.70	48,645 / 1.93	8,789
5,110 / 0.20	5,110 / 0.20	-	-	-	-	-	-	-	-	5,110 / 0.20	5,110 / 0.20	-

Range of remuneration

Range of remuneration to director	Name (A+B+C+D)	
	CLC	Consolidated Companies
Under NT$1,000,000	Shine Far Co., Ltd. Ming Foong Plastic Co., Ltd. Sun Favorite Co., Ltd. Tong-Ho Tsai Yao-Ming Yang	Shine Far Co., Ltd. Ming Foong Plastic Co., Ltd. Sun Favorite Co., Ltd. Tong-Ho Tsai Yao-Ming Yang
NT$1,000,000 ~ NT$2,000,000	Jen-Ming Cheng Su-Yun Cheng Yen-Hao Chen Mu-Hsiang Peng Ching-Huei Yu Ching-Biao Chang Fu-Hsing Chang Yung-Chi Wang Feng-Chih Huang	Jen-Ming Cheng Yen-Hao Chen Mu-Hsiang Peng Ching-Biao Chang Fu-Hsing Chang Yung-Chi Wang Feng-Chih Huang
NT$2,000,000 ~ NT$3,500,000	-	Su-Yun Cheng Ching-Huei Yu
NT$3,500,000 ~ NT$5,000,000	-	-
NT$5,000,000 ~ NT$10,000,000	-	-
NT$10,000,000 ~ NT$15,000,000	-	-
NT$15,000,000 ~ NT$30,000,000	-	-
NT$30,000,000 ~ NT$50,000,000	-	-
NT$50,000,000 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	14	14

Name	
(A+B+C+D+E+F+G)	
CLC	The Parent Company and All Reinvestment Business
Shine Far Co., Ltd. Ming Foong Plastic Co., Ltd. Sun Favorite Co., Ltd. Yao-Ming Yang	Shine Far Co., Ltd. Ming Foong Plastic Co., Ltd. Sun Favorite Co., Ltd. Yao-Ming Yang
Yen-Hao Chen Fu-Hsing Chang Yung-Chi Wang Feng-Chih Huang	Yen-Hao Chen Fu-Hsing Chang Yung-Chi Wang Feng-Chih Huang
-	-
Tong-Ho Tsai Mu-Hsiang Peng	Tong-Ho Tsai Mu-Hsiang Peng
Jen-Ming Cheng Su-Yun Cheng Ching-Huei Yu Ching-Biao Chang	Ching-Huei Yu Ching-Biao Chang
-	-
-	Jen-Ming Cheng Su-Yun Cheng
-	-
-	-
-	-
14	14

Remuneration of the President and Vice Presidents

Title	Name	Salary (A)		Severance Pay and Pensions (B)	
		CLC	Consolidated Companies	CLC	Consolidated Companies
CEO	Jen-Ming Cheng	22,030	24,341	542	542
Deputy CEO	Su-Yun Cheng				
President	Ching-Biao Chang				
Vice President	Ching-Huei Yu				
Head of Containerboard Division	Mu-Hsiang Peng				
Head of Corrugated Container Division	Tseng-Fu Hou				
Head of Accounting Division	Tai-Lang Ho (Note 1)				
Head of R&D Division	Tsun-Hui Chuang (Note 1)				
Head of Administration Division	Hsiang-Chu Lin (Note 1)				
Head of Financial Division	Chung-Lin Chou (Note 2)				

Note1: Inaugurated on July 1, 2022.
Note2: Inaugurated on July 1, 2022 and retired on August 1, 2022.

December 31, 2022
Unit: NT$1,000

Bonuses and Allowances (C)		Bonus to Employees from Distribution of Earnings (D)				Ratio and amount of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration Obtained from Reinvestment Business Other Than the Subsidiaries or the Parent Company
CLC	Consolidated Companies	CLC		Consolidated Companies		CLC	Consolidated Companies	
		Cash	Stock	Cash	Stock			
22,663	24,073	540	-	540	-	45,775 / 1.82	49,496 / 1.96	8,409

Range of remuneration

Range of remuneration to president or vice president	Name	
	CLC	The Parent Company and All Reinvestment Business
Under NT$1,000,000	Chung-Lin Chou	Chung-Lin Chou
NT$1,000,000 ~ NT$2,000,000	Hsiang-Chu Lin	Hsiang-Chu Lin
NT$2,000,000 ~ NT$3,500,000	Tai-Lang Ho Tsun-Hui Chuang	Tai-Lang Ho Tsun-Hui Chuang
NT$3,500,000 ~ NT$5,000,000	Mu-Hsiang Peng	Mu-Hsiang Peng
NT$5,000,000 ~ NT$10,000,000	Jen-Ming Cheng Su-Yun Cheng Ching-Biao Chang Ching-Huei Yu Tseng-Fu Hou	Ching-Biao Chang Ching-Huei Yu Tseng-Fu Hou
NT$10,000,000 ~ NT$15,000,000	-	Jen-Ming Cheng Su-Yun Cheng
NT$15,000,000 ~ NT$30,000,000	-	-
NT$30,000,000 ~ NT$50,000,000	-	-
NT$50,000,000 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	10	10

Names of managers who distribute employee salaries and distribution status

Unit: NT$1,000 December 31, 2022

	Title	Name	Stock Bonus	Cash Bonus	Total	Total as a % of After-Tax Income
Manager	CEO	Jen-Ming Cheng	-	851	851	0.03
	Deputy CEO	Su-Yun Cheng				
	President	Ching-Biao Chang				
	Vice President	Ching-Huei Yu				
	Head of Containerboard Division	Mu-Hsiang Peng				
	Head of Corrugated Container Division	Tseng-Fu Hou				
	Head of Accounting Division	Tai-Lang Ho				
	Head of R&D Division	Tsun-Hui Chuang				
	Head of Administration Division	Hsiang-Chu Lin				
	Head of Household Products & Paperboard Division	Yi-Chin Chen				
	Head of Financial Division and Chief corporate governance officer	Kun-Ming Yang (Note 1)				
	Head of Auditing Division	Feng-Chih Yeh				
	Head of Management Information Division and Chief information security officer	Chen-Kuang Liu				

Note1: Inaugurated on August 1, 2022.

The Ratio of Total Remuneration Paid by the company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, President and Vice Presidents to Net Income and the Explanation of the remuneration policy, standards/packages, procedures, the linkage to operating performance and future risk exposure

1. The ratio of total remuneration paid to Directors, President and Vice Presidents to net income in the last two year:

Title	Ratio of Total Remuneration to Net Income					
	2022		2021		Differences	
	From CLC	From All Consolidated Entities	From CLC	From All Consolidated Entities	From CLC	From All Consolidated Entities
Directors	1.70%	1.93%	1.13%	1.28%	0.57%	0.65%
Independent Director	0.20%	0.20%	0.13%	0.13%	0.07%	0.07%
President and Vice Presidents	1.82%	1.96%	1.01%	1.1%	0.81%	0.86%

2. Explanation of the remuneration policy, standards/packages, procedures, the linkage to operating performance and future risk exposure:

   In accordance with the provision of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to the directors based on the extent to which the directors participate in the operation of the Company and the value of their contributions while referring to the fixed remuneration provided by the companies in the same industry, and there is no variable remuneration distributed based on the Company's profitability.

   The remuneration paid by the Company to managers and employees includes fixed salary and variable rewards. The fixed salary is determined by rank and position, and the variable rewards include employee compensation and bonuses that shall be calculated based on the current pre-tax income according to the Company's Articles of Incorporation. Bonuses are distributed based on the Company's operating performance and profitability in the previous year, as well as the individual performance including target achievement rate, operation management ability, contribution, and special achievements. Among them, the remuneration paid to the managers must be reviewed and approved by the Remuneration Committee and sent to the Board of Directors for resolution.

4. Implementation of Corporate Governance

A. Board of Directors Meeting Status

In the year of 2022 and up to the date of publication of the annual report, the 17th Board of Directors met 2 times and the 18th Board of Directors met 6 times (A); the Directors' attendance is as follows:

Title	Name	Attend in Person (B)	Attend by Proxy	Attendance Rate (%) (B/A)	Remarks
Chairperson	Su-Yun Cheng	2	0	100	Retired as a member of the 17th Board of Directors on June 10, 2022 after a Board election, and attended the meetings of the 17th Board of Directors two times in 2022.
Vice Chairperson	Jen-Ming Cheng	2	0	100	
Director	Yen-Hao Chen	2	0	100	
	Shine Far Co., Ltd. Rep.: Tong-Ho Tsai	2	0	100	
	Ming Foong Plastic Co., Ltd. Rep.: Ching-Huei Yu	2	0	100	
	Sun Favorite Co., Ltd.. Rep.: Ching-Biao Chang	2	0	100	
Independent Director	Yung-Chi Wang	2	0	100	
Independent Director	Yao-Ming Yang	2	0	100	
Independent Director	Fu-Hsing Chang	2	0	100	
Chairperson	Jen-Ming Cheng	6	0	100	Elected as a member of the 18th Board of Directors on June 10, 2022 after a Board election, and attended the meetings of the 18th Board of Directors six times in 2022 and up to the date of publication of the annual report.
Vice Chairperson	Su-Yun Cheng	6	0	100	
Director	Yen-Hao Chen	5	0	83	
	Shine Far Co., Ltd. Rep.: Mu-Hsiang Peng	6	0	100	
	Ming Foong Plastic Co., Ltd. Rep.: Ching-Huei Yu	6	0	100	
	Sun Favorite Co., Ltd.. Rep.: Ching-Biao Chang	6	0	100	
Independent Director	Yung-Chi Wang	6	0	100	
Independent Director	Fu-Hsing Chang	6	0	100	
Independent Director	Feng-Chih Huang	6	0	100	

Other statutory information:

1. Items required by Article 14-3 of the Securities Exchange Act are shown on page 80~87. Other resolutions of the Board of Directors which received objections or reserved comments from the independent directors that are supported by appropriate records or written declarations: N/A.
2. Recusals of Directors due to conflicts of interests: Directors recused themselves from the discussion and voting of their interest resolution.
3. Information on the period, duration, range, means, and content of evaluation of Board of Directors' Performance:
   a. Internal self-evaluation: The company has completed the performance evaluations of the Board of Directors for 2022 in first quarter 2023. Evaluation period was January 1, 2022 to December 31, 2022, the scope included overall Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee and the method was internal self-evaluation and Board members' self-evaluation. The implementation Status is as follows:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Internal performance evaluation is conducted once a year. An external professional independent organization or an external team of experts and scholars will perform the evaluation at least every three years.	January 1, 2022 to December 31, 2022	Board of Directors, individual directors, and functional committees are covered.	Internal self-evaluation and Board members' self-evaluation	The aspects of the Company's evaluation of the Board of Directors' include: I. Entire Board of Directors 1. The degree of participation in the Company's operations. 2. Improvement of the quality of decision making by the Board of Directors. 3. The composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal control. II. Individual Directors 1. Management of the Company's goals and tasks 2. Knowledge of director's duties and responsibilities. 3. The degree of participation in Company's operations. 4. Internal relationship management and communication. 5. Professionalism and continuing professional education. 6. Internal control. III. Functional Committees 1. The degree of participation in the Company's operations. 2. Knowledge of the duties of the functional committees. 3. Improvement in the quality of decision making by the functional committees. 4. The composition of the functional committees and the selection of members. 5. Internal control.

b. External evaluation: The Company commissioned the Taiwan Institute of Ethical Business and Forensics (TIEBF) to conduct a performance evaluation of the Board of Directors for the year of 2022, and the results of the external evaluation and subsequent improvement plans were presented at the Board of Directors' meetings on December 22, 2022 and March 14, 2023, respectively.

The TIEBF is a non-profit academic professional organization. It is composed of experts and scholars in various disciplines, with the main purpose of research and promotion of corporate governance, fraud prevention, and forensic professionalism for ethical management. The three executive members of this evaluation, Ching-Ping Shao, Yang-Tzong Tsay, and Yueh-Ping Yang, have professional expertise in law, accounting, and corporate governance. In addition, the organization and its executive members do not have any issues which may affect their independence from the Company and are therefore regarded as independent, as described in the Independence Declaration on page 44.

The results of the external evaluation of the Board of Directors' performance for 2022 are summarized as follows:

(1) Scope of evaluation: The Board of Directors, Audit Committee, and Remuneration Committee.
(2) Evaluation method: Data review, questionnaires, and on-site interviews.
(3) Evaluation criteria: The four major aspects of the Board of Directors' professional functions, decision-making effectiveness, internal control, and sustainable operation.
(4) An improvement plan has been prepared in response to the recommendations and it, and its implementation status, are described below:

Recommendations	Improvement plan and implementation status
1. There are currently nine directors on the Board of Directors of the Company, of which one is a woman. Five directors are also managers, more than one-half of all directors. Consideration may be given to increasing the number of seats held by independent directors in order to implement a better balance of genders and professional backgrounds to increase the diversity of the composition of the Board, as it is beneficial for the Company to bring in different perspectives. In addition, consideration may also be given to establishing a Nomination Committee and setting a diversity policy and specific management objectives in order to foster a diverse and professional board composition.	The Company agrees with the concept of diversifying the composition of the Board of Directors and will carefully consider and discuss relevant practices.
2. For major new investments, it is recommended that operating information be regularly and systematically compiled for external directors. In addition, the Company may also invite external directors to visit overseas operation sites so that they can have a clearer understanding of local operations and a better information basis for discussions and decision-making in Board of Directors meetings.	(1) For major new investments, operating information has been regularly and systematically compiled for external directors. (2) External directors will be invited to overseas operation sites to be better informed about the on-the-ground realities of the operation situation.
3. An integrated and dedicated risk management unit may be established, such as a Risk Management Committee under the Board of Directors.	The internal risk assessment mechanism will be strengthened, and the establishment of a dedicated management unit will be carefully evaluated.
4. An independent external organization may be requested to help establish a whistleblower hotline, which will help boost whistleblower motivation and achieve the goals of corporate anti-bribery efforts.	The Company has a smooth pipeline for whistleblowing, and we have assessed that there is no need to request assistance from any external party.
5. External consultants may be introduced to the Corporate Sustainability Committee, as increasing diversity will facilitate innovative thinking.	External advisors such as the Taiwan Green Productivity Foundation have been appointed to provide diverse advice and enhance innovative thinking.
6. The management of operational risks caused by overseas business development and energy transformation may be strengthened. This may be done by increasing the awareness of audit personnel through experience sharing by the Audit Committee members. Through regular audits and ad hoc project audits, the management team is encouraged to review and manage the general risk of the enterprise from an integrated perspective.	Already implemented.
7. The management team and the Remuneration Committee may consider updating performance indicators or indicator weights each year based on actual needs to guide the relevant personnel in developing key businesses or preventing major risks.	Already implemented.

4. Description of the objectives about enhancement of the Board function and the execution results:
   a. The company has formulated the “Board of Directors Performance Evaluation Regulations”. The internal self-evaluation of the overall Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee for 2020~2022 were completed and the external evaluation for 2022 is conducted for first time. All the performance evaluation results will be reported to Board of Directors.
   b. The company has amended the “Insider Trading Prevention Management Regulations” at Board of Directors on November 9, 2022, with the addition of Article 3-1, which explicitly forbids directors from buying or selling company stocks before financial reports are announced. To ensure compliance with this rule, all directors and senior management are notified of the closed period during which trading is prohibited, 30 or 15 days before the financial report announcement. This notification helps prevent unintentional violations of the Code by directors and senior management.
   c. The company has formulated corporate governance officers to assist the Directors with execution of duties in a timely and effective manner, and they are responsible for handling the requests raised by the Directors as soon as possible.
   d. The company has formulated the “Standard Operating Procedures for Handling Directors’ Requests” to respond to the Directors’ requests in an appropriate and timely manner.
   e. The company buys liability insurance for its Directors within the scope of business.

Independence Statement

As the Executive Commissioner of this evaluation report, I confirm that my evaluation of the board of directors of Cheng Loong Corporation (the "Evaluated Corporation") is made and conducted in an impartial and objective manner and is made and conducted without any circumstance which can potentially impair my independence. I hereby further confirm and declare the followings:

1. My spouse, any of my relatives entitled to maintenance and I do not have the following circumstances:
   - having direct or indirect material financial interest in the Evaluated Corporation.
   - having a business relationship with the Evaluated Corporation or any of its directors that can potentially impair my independence.
   - receiving direct or indirect business courtesies with value exceeding the general standard of social etiquette, from the Evaluated Corporation, its directors, managers, or major shareholders.

2. None of my spouse, lineal relatives by blood, lineal relatives by marriage, or collateral relatives by blood within second degree is a director of the Evaluated Corporation.

3. Neither of my spouse nor I serves as a director of the Evaluated Corporation, or serves as any other position having direct material influence on this evaluation report.

Executive Commissioner

Ching-Ping Shao	Yang-Tzong Tsay	Yueh-Ping Yang
邵慶平	蔡揚宗	楊岳平

B. Audit Committee Meeting Status

1. Audit Committee's authority and key tasks of the year:
   (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
   (2) Evaluate the effectiveness of the internal control system.
   (3) Establish or amend the procedures for significant financial activities, including obtaining or disposing of assets, engaging in derivative transactions, loaning funds to others, or providing others with endorsement or guarantees in accordance with Article 36-1 of the Securities and Exchange Act.
   (4) Handle matters involving the directors' interests.
   (5) Carry out material asset or derivative transactions.
   (6) Loan significant funds or provide endorsement or guarantee to others.
   (7) Raise, issue, or privately raise securities with equity nature.
   (8) Appoint, dismiss or remunerate certified public accountants (CPAs).
   (9) Appoint or dismiss the heads of finance, accounting, and internal audit.
   (10) Audit financial reports and annual financial reports for the first, second, and third quarters.
   (11) Other major matters stipulated by the company or competent authorities.

2. In the year of 2022 and up to the date of publication of the annual report, the 2nd Audit Committee met 3 times and the 3rd Audit Committee met 7 times. (A) The attendance of independent directors is as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Attend in Person (B)</th><th>Attend by Proxy</th><th>Attendance Rate (%) (B/A)</th><th>Remarks</th></tr>
<tr><td>Convener</td><td>Yung-Chi Wang</td><td>3</td><td>-</td><td>100</td><td rowspan="3">The term of office of the 2nd session was expired on June 10, 2022. Three audit committee meetings of the 2nd session were held in 2022.</td></tr>
<tr><td>Committee member</td><td>Yao-Ming Yang</td><td>3</td><td>-</td><td>100</td></tr>
<tr><td>Committee member</td><td>Fu-Hsing Chang</td><td>3</td><td>-</td><td>100</td></tr>
<tr><td>Convener</td><td>Yung-Chi Wang</td><td>7</td><td>-</td><td>100</td><td rowspan="3">Appointed as the 3rd session on the re-election on June 10, 2022. As of the publication date of the annual report, 7 audit committee meetings of the 3rd session were held in 2022.</td></tr>
<tr><td>Committee member</td><td>Fu-Hsing Chang</td><td>7</td><td>-</td><td>100</td></tr>
<tr><td>Committee member</td><td>Feng-Chih Huang</td><td>7</td><td>-</td><td>100</td></tr>
</table>

Other statutory information:

1. If any of the following circumstances have occurred during the operation of the Audit Committee, specify the date, period, case content, resolution of the Audit Committee meeting, and the handling of the opinions of the Audit Committee by the Company:

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

In the year of 2022 and up to the date of publication of the annual report, a total of 10 meetings of the Audit Committee had been held. The contents of the resolutions are as follows. The Audit Committee passed all the matters listed in Article 14-5 of the Securities and Exchange Act without any objection.

Date of Meeting	Session	Content of Proposal	Result	Response to Opinions of Audit Committee
March 15, 2022	The 21st session of 2nd Audit Committee meeting	1. The Company's 2021 individual financial statements and consolidated financial statements. 2. As of the end of December 2021, the endorsements/ guarantees provided by the Company and their necessity and reasonableness, as well as the amounts of loans given to others. 3. The Company has undertaken two derivative financial instruments with a total principal amount of NT$300 million in January 2022. 4. A proposal to apply for the short-term general credit limit from relevant financial institutions. 5. The Company proposed to apply for derivative financial instruments principal amount of USD500,000 from First Commercial Bank. 6. A proposal to provide endorsements/guarantees or letters of comfort to the Company's reinvestment affiliated companies in Mainland China. 7. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Southeast Asia. 8. A proposal to amend some of the provisions of the Company's "Procedures for the Acquisition or Disposal of Assets". 9. The Company's Statement of Internal Control System for 2021 has been completed in accordance with the regulations. 10. A proposal to change the CPAs and a resolution on their remuneration. 11. The assessment of the independence of CPAs.	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.
March 15, 2022	The 22nd session of 2nd Audit Committee meeting	The Company's business report and distribution of earnings for 2021.	Approved by all members present	
May 10, 2022	The 23rd session of 2nd Audit Committee meeting	1. Consolidated financial report for the first quarter of 2022. 2. As of the end of March 2022, the endorsements and guarantees provided and the amount of funds loaned to others. 3. A proposal for a new anaerobic treatment system and biogas power generation facility in Houli Mill. 4. A proposal for applying for a green financing line from Banqiao Branch, Mega International Commercial Bank. 5. The amendments to the Company's "Rules for Internal Control System of Shareholder Services Units".	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.
June 10, 2022	The 1st session of 3rd Audit Committee meeting	Election of the convener of the 3rd Audit Committee of the company.	All the members present unanimously elected Mr. Yung-Chi Wang as the convener of the current Audit Committee	

Date of Meeting	Session	Content of Proposal	Result	Response to Opinions of Audit Committee
June 24, 2022	The 2nd session of 3rd Audit Committee meeting	1. A proposal to apply for the short-term general credit limit from relevant financial institutions. 2. A proposal for applying for a medium-term syndicated loan from a group of lenders co-organized. 3. The Company proposed to apply for derivative financial instruments principal from KGI Bank. 4. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Southeast Asia. 5. A proposal to cease the development of the Jiantan Urban Unsafe and Old Buildings Co-construction Project in Section 4, Chengde Road, Shilin District, Taipei City. 6. A proposal to renovate the dormitories for employees at Chupei Mill. 7. A proposal for the civil engineering works for the material storage yard of Chung Hsing Industrial Area at Houli Mill. 8. A proposal for changes of the Company's managers.	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.
August 10, 2022	The 3rd session of 3rd Audit Committee meeting	1. Consolidated financial report for the second quarter of 2022. 2. As of the end of June 2022, the endorsements and guarantees provided and the amount of funds loaned to others. 3. A proposal for capital reduction of the Company's offshore holding subsidiary. 4. A proposal for applying for a loan in the name of Guaranteed Payments Receivable–Guaranteed Return of Usable Pre-sale Property Price (guarantee provided)" from the Songshan Branch of Land Bank. 5. A proposal to apply for the short-term general credit limit and commercial paper facilities from relevant financial institutions. 6. Proposed to loan funds to Hong Kong Chung Hao Limited and Hong Kong Gwang Loong Limited 7. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Southeast Asia. 8. Proposed to sell on-sale premises on Roosevelt Road, Taipei City, to related parties. 9. A proposal for fire protection engineering work at the material storage yard of Chung Hsing Industrial Area at Houli Mill.	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.
November 9, 2022	The 4th session of 3rd Audit Committee meeting	1. Consolidated financial report for the third quarter of 2022. 2. As of the end of September 2022, the endorsements and guarantees provided and the amount of funds loaned to others. 3. A proposal for reducing capital and distributing surplus of the Company's offshore holding subsidiary. 4. A proposal for investment in the establishment of "Chung Ming (Vietnam) International Limited" of the Company's offshore holding subsidiary. 5. A proposal to apply for the medium and short-term general credit limit from relevant financial institutions. 6. A proposal to provide endorsements/guarantees or letters of comfort to the Company's reinvestment affiliated companies in Mainland China. 7. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Southeast Asia. 8. A proposal to amend some of the provisions of the Company's "Internal Control System–Information Security Inspection Operation Cycle Procedure Manual" 9. Proposed to discuss the Company's 2023 annual audit plan.	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.

Date of Meeting	Session	Content of Proposal	Result	Response to Opinions of Audit Committee
December 22, 2022	The 5th session of 3rd Audit Committee meeting	1. A proposal for using capital surplus to increase capitalization of the Company's offshore holding subsidiary. 2. A proposal to apply for commercial paper facilities from relevant financial institutions. 3. A proposal for applying for a medium-term syndicated loan from a group of lenders co-organized. 4. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Mainland China. 5. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Southeast Asia. 6. A proposal for a new 120-ton biomass boiler at Houli Mill. 7. A proposal for a new coal storage project for Tayuan Mill.	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.
March 14, 2023	The 6th session of 3rd Audit Committee meeting	1. The Company's 2022 individual financial statements and consolidated financial statements. 2. As of the end of December 2022, the endorsements/ guarantees provided by the Company and their necessity and reasonableness, as well as the amounts of loans given to others. 3. A proposal for merger and absorption of the Company's offshore holding subsidiary. 4. A proposal for capital reduction of the Company's offshore holding subsidiary. 5. A proposal to apply for the short-term general credit limit from relevant financial institutions. 6. The proposal for providing a guarantee for the purchase of incinerators under the investment in the third phase of the construction project by Cheng Loong Binh Duong Paper Co., Ltd. 7. A proposal to provide endorsements/guarantees or letters of comfort to the Company's reinvestment affiliated companies in Mainland China. 8. A proposal to provide endorsements/guarantees to the Company's reinvestment affiliated companies in Southeast Asia. 9. A proposal to formulate the Company's "General Principles for the Pre-approval of Non-assurance Service Policies". 10. The amendments to the Company's "Rules for Internal Control System of Shareholder Services Units". 11. The Company's Statement of Internal Control System for 2022 has been completed in accordance with the regulations. 12. A proposal to change the CPAs and a resolution on their remuneration. 13. The assessment of the independence of CPAs.	Approved by all members present	The resolution was submitted to and approved by the Board of Directors of the company.
March 14, 2023	The 7th session of 3rd Audit Committee meeting	The Company's business report and distribution of earnings for 2022.	Approved by all members present	

(2) Other resolutions that were not approved by the audit committee but were approved by two third or more of all directors: N/A.

2. The implementation status of avoidance of proposals having conflicts of interest on the part of Independent Directors: Regarding proposals that involve the interests of Independent Directors, the relevant Independent Directors were all highly disciplined and did not participate in discussions or voting on such proposals and did not vote on behalf of other Independent Directors.
3. Communication between Independent Directors, internal auditing supervisors, and CPAs:

(1) The audit supervisor of the company submits a completed audit report to the Audit Committee on

paper or electronically to the Audit Committee on a regular or irregular basis. If the Audit Committee has any questions or instructions, they should inquire or inform the audit supervisor.

(2) The audit supervisor presents an audit business report every quarter to the Audit Committee, which includes the audit business of the company and its subsidiaries, audit findings, and improvements of abnormal events.

(3) The Audit Supervisor submits a statement of the internal control system to the Audit Committee in the first quarter of each year in accordance with the laws and submits the audit plan for the following year in the fourth quarter.

(4) The Company's CPAs regularly report to the independent directors on the audit results of the financial report and the situation of internal control checks in the annual Audit Committee meeting and communicate the updates of important laws and regulations.

(5) In the year of 2022 and up to the date of publication of the annual report, the summary of previous communications is as follows:

i. The communication between independent directors and the internal audit supervisor:

Date of Meeting	Topics of Communication	Suggestions and Implementation Results
March 15, 2022 (The 21th session of 2nd Audit Committee meeting)	The Company's Statement of Internal Control System for 2021.	None of the independent directors had any opinions at this meeting
May 10, 2022 (The 23th session of 2nd Audit Committee meeting)	a. "Audit of Yenchao Plant 2.8m Corrugator Investment Project" proposed by the Auditing Division.	This project report has been proposed based on the audit results, and its content has been compared with the current situation to facilitate future decision-making process None of the independent directors had any opinions at this meeting
	b. Amendment of the Company's "Rules for Internal Control System of Shareholder Services Units" in accordance with government regulations.	None of the independent directors had any opinions at this meeting
November 9, 2022 (The 4th session of 3nd Audit Committee meeting)	a. Tracking report for the "Audit of Yenchao Plant 2.8m Corrugator Investment Project" proposed by the Auditing Division.	This project report has been proposed based on the audit results, and its content has been compared with the current situation to facilitate follow-up tracking
	b. Amendment to some provisions of the Company's "Internal Control System–Information Security Inspection Operation Cycle Procedure Manual" in accordance with government regulations.	None of the independent directors had any opinions at this meeting
	c. The Company's 2023 annual audit plan.	None of the independent directors had any opinions at this meeting
December 22, 2022 (The 5th session of 3nd Audit Committee meeting)	a. Tracking report for the "Audit of Yenchao Plant 2.8m Corrugator Investment Project" proposed by the Auditing Division	This project report has been proposed based on the audit results, and its content has been compared with the current situation to facilitate follow-up tracking
	b. Analysis of the reasonableness of the Company's "Inventory + Accounts Receivable" in November from the inventory of Giant Manufacturing Co. Ltd.	This project report has been proposed based on the audit results, and its content has been used to analyze the current situation of the Company, with reasonable control None of the independent directors had any opinions at this meeting
March 14, 2023 (The 6th session of 3nd Audit Committee meeting)	a. Amendment of the Company's "Rules for Internal Control System of Shareholder Services Units" in accordance with government regulations	None of the independent directors had any opinions at this meeting
	b. The Company's Statement of Internal Control System for 2022.	None of the independent directors had any opinions at this meeting

ii. Communication between independent directors and CPAs:

Date of Meeting	Topics of Communication	Suggestions and Implementation Results
March 15, 2022 (The 21st session of 2nd Audit Committee meeting)	1. Audit results report on 2021 individual and consolidated financial reports: Contents include types of opinions, comparative analysis of consolidated financial reports, key auditing items, and description of other important matters. 2. Communication of important legal updates: These include the amendment to the Board of Directors' Meeting Regulations FAQ, the standard for the establishment of corporate governance directors in TWSE/TPEx-listed companies, Regulations Governing Information to be Published in Annual Reports of Public Companies, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, Regulations Governing Establishment of Internal Control Systems by Public Companies and FAQ, the applicable conditions of the Company Act and the video conference of shareholders' meeting, the amendment to Regulations Governing the Acquisition and Disposal of Assets by Public Companies, and the new requirement for TWSE/TPEx-listed companies reporting annual self-assessed financial information.	None of the independent directors had any opinions at this meeting
March 14, 2023 (The 6th session of 3rd Audit Committee meeting)	1. Audit results report on 2022 individual and consolidated financial reports: Contents include types of opinions, comparative analysis of consolidated financial reports, key auditing items, and description of other important matters. 2. Communication of important legal updates: Including the amendments to Regulations Governing Procedures for Board of Directors Meetings of Public Companies, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Regulations Governing Information to be Published in Annual Reports of Public Companies, Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, and Rules Governing Financial and Business Matters Between the Corporation and Its Related Parties as references.	None of the independent directors had any opinions at this meeting

C. Corporate Governance and the Discrepancies Between Actual Corporate Governance and the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the Reason for the Discrepancy

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
I. Has the company defined and disclosed its governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		We have established and disclosed on the Company's website and MOPS the "Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". We have also established the Rules of Procedure for Meeting of Shareholders, the Regulations for Handling Material Inside Information, the Internal Control System and the Procedures for the Acquisition and Disposal of Assets in relation to corporate governance and implemented them in conformity with the Governance Best Practice.	In conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
II. Structure of shareholdings and shareholder's equity (I) Does the company establish and implement internal procedures for handling shareholder suggestions, questions, disputes and litigation?	✓		(I) In addition to establishing the spokesperson system and the stock services unit to communicate with shareholder, we have designated the Legal Affairs Department to receive all external emails and distribute them to the concerned responsible units in accordance with the "Email Management Regulations".	(I) We have designated staff to handle stockholder services in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its dominant shareholders?	✓		(II) We have established a dedicated stock services unit and designated staff to take care of concerned business and keep track of related matters at any time.	(II) We have designated stock service staff to handle concerned business in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the company establish and implement a risk control mechanism and firewall between its affiliates?	✓		(III) We have established the "Guidelines for the Adoption of Codes of Ethical Conduct" and the "Procedures for Ethical Management and Guidelines for Conduct" to specify business conducted with affiliates.	(III) We have established regulations to govern related internal affairs in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company establish internal rules to prevent insider trading?	✓		(IV) We have specified in the "Procedures for Ethical Management and Guidelines for Conduct" and "Insider Trading Prevention Management Regulations" that staff shall not trade marketable securities with information undisclosed to the public (insider trading).	(IV) We have established regulations to govern related internal affairs in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
III. Organization and functions of the Board of Directors (BOD) (I) Does the Board of Directors formulate diversification policy, and specific management objectives and implement them?	✓		(I) For the Company's diversity policies, practical management objectives, and implementation status, please see page 21~24.	(I) The company has formulated a diversification policy and disclosed its specific management objectives and implementation.
(II) In addition to a Compensation Committee and an Audit Committee required by law, does the company voluntarily establish other functional committees?		✓	(II) Except for establishing the Compensation Committee and Audit Committee as requested by law, we have not established other functional committees.	(II) We will carefully assess this topic according to organizational development needs.
(III) Does the company establish a method to evaluate BOD performance and routinely evaluate BOD performance every year while reporting the results of the performance evaluation to BOD as a reference for individual Directors' remuneration and nomination and re-election?	✓		(III) The company has formulated the "Board of Directors Performance Evaluation Regulations". The performance evaluations of the overall Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee for 2022 were completed in February 2023. The performance evaluation results will be reported at Board of Directors on March 14, 2023, as a reference for the remuneration of individual directors and nomination for reelection. The company has conducted the external evaluation in 2023, please see page 41~44.	(III) We have established regulations to govern related internal affairs in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the company regularly evaluate the independence of its certified public accountants?	✓		(IV) The Accounting Division evaluates the independence of the certified public accountants (CPAs) every year. The latest evaluation results were submitted to the Audit Committee for discussion	(IV) We evaluate the independence of CPAs periodically and will report to BOD to replace them, when there are doubts about

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
			on March 14, 2023 and approved by the BOD afterwards. With respect to the evaluation of the Accounting Division, CPAs Hung-Wen Fu and Shyh-Gang Horng of KPMG Taiwan comply with the criteria for evaluation of CPA independence (Note1) of this Company. They are thus qualified to provide CPA services for this Company as shown in the statement made by KPMG Taiwan (Note2).	their professionalism and independent.
IV. Does the company listed on stock/OTC markets designate an appropriate number of qualified personnel for corporate governance, and appoint a corporate governance officer, responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information to perform business, assisting directors and supervisors in compliance, handling matters related to the BOD meeting and the shareholders' meeting in accordance with the laws, as well as keeping minutes of the BOD meeting and shareholders' meetings)?	✓		The Company has been approved by the Board of Directors on June 24, 2022, to designate Kun-Ming Yang as the Chief Corporate Governance Officer to protect shareholders' rights and strengthen the functions of the Board of Directors. Assistant President Kun-Ming Yang has more than three years of experience at a management position in public offering companies in financial and equity affairs. According to the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, the main duties of a corporate governance supervisor are to handle relevant matters of the Board of Directors and shareholders 'meetings in accordance with the laws, prepare the minutes of the Board of Directors and shareholders' meetings, assist Directors (including Independent Directors) in their appointments and further training, provide information required by Directors (including Independent Directors) to perform business, and assist Directors (including Independent Directors) to comply with laws and regulations. The implementation of the corporate governance business in 2022 is as follows: I. Assist Independent Directors and Directors in performing their duties, provide required information, and arrange Directors' further training: (1) The Board of Directors shall be notified in a timely manner of the revision and development of the latest laws and regulations related to the Company's business field and corporate governance. (2) Review and provide relevant company information required by Directors to maintain smooth communication and exchanges between Directors and supervisors of each business unit. (3) Assist with arrangement of relevant meetings, when the Independent Directors need to meet with the internal audit supervisor or CPAs individually to understand the Company's financial business in accordance with the Corporate Governance Best Practice Principles. (4) Assist the Independent Directors and Directors in formulating annual training plans and arranging courses in accordance with the Company's	This Company discloses information in conformity with the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies.

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>industrial characteristics and Director's academic backgrounds and experience.
II. Assist the Board meetings and shareholders' meetings in the compliance with the rules of the procedures and resolutions:
(1) Confirm whether the meetings of the Company's shareholders and the Board of Directors are in compliance with relevant laws and corporate governance codes.
(2) Assist and remind the Directors of abiding by the laws and regulations when carrying out business or adopting a formal resolution at a Board meeting, and put forward suggestions when the Board of Directors is going to adopt a resolution in violation of the laws.
(3) Supervise the release of major information on important resolutions of the Board of Directors, to ensure the legality and correctness of the content of the major information, in order to protect the parity of transaction information for investors.
III. Formulate agenda of a Board meeting, inform Directors of the proposed agenda seven days in advance, and convene the meeting and provide meeting materials. Inform a given Director to avoid the meeting in advance if an issue involves the Director's conflict of interest and complete the meeting minutes of the Board meeting twenty days after the meeting.
IV. Register the date of the shareholders' meeting in accordance with the laws, develop a meeting notice, proceedings handbook, and minute book within the legal deadline, while handling the registration of changes to the Articles of Incorporation or the Director election policy.
The status of corporate governance officials' further training in 2022 is as follows:
<table>
<tr><th>Dates</th><th>Organizer</th><th>Course Name</th><th>Time</th><th>Total</th></tr>
<tr><td>August 23, 2022</td><td>Taiwan Corporate Governance Association</td><td>Enterprise Financial Information Analysis and Application of Decision-making</td><td>3</td><td rowspan="5">15</td></tr>
<tr><td>September 16, 2022</td><td>Taiwan Corporate Governance Association</td><td>Financial Statements and Directors' Liability</td><td>3</td></tr>
<tr><td>September 30, 2022</td><td>Taiwan Corporate Governance Association</td><td>Corporate governance in coping with the changes of the international order</td><td>3</td></tr>
<tr><td>October 19, 2022</td><td>Securities and Futures Institute</td><td>2022 Insider Equity Transaction Compliance Awareness-Raising Event</td><td>3</td></tr>
<tr><td>October 21, 2022</td><td>Securities and Futures Institute</td><td>2022 Annual Insider Trading Prevention Awareness-Raising Conference</td><td>3</td></tr>
</table></td><td></td></tr>
</table>

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
V. Does the company establish channels for communication with stakeholders (including but without limitation to shareholders, employees, customers, and suppliers), set up a stakeholder section in the corporate website, and respond appropriately to important CSR issues that concern stakeholders?	✓		We have established the "Sustainable Development Best Practice Principles", in order to promote the implementation of sustainable development and define channels for stakeholder communication to provide sufficient and adequate information for stakeholders to maintain their rights and interests. We have also set up a stakeholder section on the corporate website by law.	This Company discloses information in conformity with the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies.
VI. Has the company appointed a professional stock affairs agency to organize meetings of shareholders?		✓	We have set up a stock services unit to handle affairs in relation to meetings of shareholders.	This Company discloses information in conformity with the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies.
VII. Information disclosure				
(I) Has the company set up a website to disclose its financial and governance information?	✓		(I) Information in relation to stockholder services, finance, and governance has been disclosed on the corporate website at http://www.clc.com.tw/.	(I) This Company discloses information in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the company tried other means to disclose information (such as setting up an English website, designating personnel to gather and disclose organizational information, effectively implementing the spokesperson system, and posting investor conferences on the corporate website)?	✓		(II) The company has set up the Company's Chinese and English websites to provide relevant information to shareholders and stakeholders for reference, has a dedicated unit responsible for disclosing major information on the Taiwan Stock Exchange's website and collecting Company's information, and has dedicated a spokesperson and deputy spokesperson to serve shareholders or stakeholders. Due to the impact of COVID-19, the Company held an online investor conference on March 25 and August 19, 2022, and published the process on the Company's website.	(II) This Company discloses information in conformity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the company publicly announce and register with the competent authority the annual financial report within two months after the end of the fiscal year, and publicly announce and register with the competent authority the financial reports for the first, second, and third quarters as well as the monthly operating conditions in advance of the prescribed time limit?		✓	(III) The company strives to publicly announce and register with the competent authority the annual financial report within two months after the end of the fiscal year, and has publicly announced and registered with the competent authority the financial reports for the first, second, and third quarters as well as the monthly operating situation in advance if the prescribed time limit.	(III) The Company's information is open to the public, and it is still striving to fully comply with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VIII. Is there any other material information that will help understand the organizational governance practices (including but without limitation to employee rights and interests, employee care, investor relations, supplier relations, stakeholder rights, further education for directors and supervisors, the status of the risk management policy and risk measurement measures, the	✓		1. Employee rights and interests: We have designed a grievance channel for employees on the intranet interface and encourage employees to maintain direct communication with management and directors. 2. Employee care: We have established the Employee Welfare Committee (EWC) by law and provide employees with various benefits, allowances, and sickness/injury care. We also encourage employees to participate in various activities favoring physical and mental development, such as	This Company discloses information in conformity with the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies.

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
performance of the customer policy, and the purchase of liability insurance for directors and supervisors)?			the Andante Bike Team, Andante Softball Team, table tennis club and the hiking club. 3. Investor relations: We always respect the right to know of shareholders. Therefore, we have established the spokesperson system and the stock services unit to provide services for shareholders and legally and timely hold the general meeting of shareholders. In addition, we abide by the information disclosure regulations at all times and provide shareholders with real-time information over MOPS and our corporate website. 4. Supplier relations and stakeholder rights: In addition to setting up a free helpline for communication with the banks, obligors, consumers, suppliers, local communities, and other interested parties, we have established a stakeholder section on the corporate website to maintain their rights and interests. 5. Further education for directors:	

Title	Name	Dates	Organizer / Course Name	Time
Independent Director	Yung-Chi Wang	July 15, 2022	Securities and Futures Institute/ Challenges and Opportunities of the Sustainable Development Roadmap and Introduction to Greenhouse Gas Inventory	3
Independent Director	Yung-Chi Wang	September 20, 2022	Securities and Futures Institute/ Emerging Enterprise Risk Management from Cases of Ransomware, Trade Secret Protection, and Ethical Corporate Management	3
Director	Yen-Hao, Chen	July 26, 2022	Taiwan Corporate Governance Association / Reveal the Secretive Mask of Insider Trading	3
Director	Yen-Hao, Chen	August 23, 2022	Taiwan Corporate Governance Association / Enterprise Financial Information Analysis and Application of Decision-making	3
Corporate Representative	Ching-Huei Yu	March 11, 2022	Taiwan Corporate Governance Association / Shareholders Meeting and Ownership Management	3
Corporate Representative	Ching-Huei Yu	April 19, 2022	Taiwan Corporate Governance Association / The key to sustainable business growth - open innovation	3

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	

Title	Name	Dates	Organizer / Course Name	Time
Director	Jen-Ming Cheng	May 13, 2022	Taiwan Corporate Governance Association / Prevention of Insider Trading	3
Director	Jen-Ming Cheng	May 27, 2022	Taiwan Corporate Governance Association / How to develop sustainable competitive advantage in response to climate change	3
Director	Su-Yun Cheng	April 15, 2022	Taiwan Corporate Governance Association / The Risk Trends of Smart Technologies in the Cloud Generation	3
Director	Su-Yun Cheng	June 21, 2022	Taiwan Corporate Governance Association / How to Prevent Corporate Misconduct: A Manual to Corporate Internal Investigation	3
Independent Director	Fu-Hsing Chang	August 22, 2022	Accounting Research and Development Foundation / ISSB S2 Industry-specific Analysis (Part 1)	3
Independent Director	Fu-Hsing Chang	August 26, 2022	Accounting Research and Development Foundation / ISSB S2 Industry-specific Analysis (Part 2)	3
Corporate Representative	Mu-Hsiang Peng	September 20, 2022	Taiwan Corporate Governance Association / Ten Required Courses of Corporate Governance	3
Corporate Representative	Mu-Hsiang Peng	September 30, 2022	Taiwan Corporate Governance Association / Corporate governance in coping with the changes of the international order	3
Corporate Representative	Mu-Hsiang Peng	October 25, 2022	Taiwan Corporate Governance Association / Analysis on Important Court Decisions on Corporate Governance: Focusing on Director's Liability	3
Corporate Representative	Mu-Hsiang Peng	December 6, 2022	Taiwan Corporate Governance Association / How directors assess the financial performance of the company	3

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	

Title	Name	Dates	Organizer / Course Name	Time
Corporate Representative	Ching-Biao Chang	May 4, 2022	TWSE, Alliance Advisors, Taiwan Corporate Governance Association / International Twin Summit	2
Corporate Representative	Ching-Biao Chang	May 31, 2022	Taiwan Corporate Governance Association / Case Study: Hostile Takeover and Defensive Measures	3
Corporate Representative	Ching-Biao Chang	July 19, 2022	Taiwan Corporate Governance Association / Let's meet the new world of Net-zero	3
Independent Director	Feng-Chih Huang	July 22, 2022	Taiwan Corporate Governance Association / Net Zero Trend: A Practical Look at the ESG Decision-Making of Boards of Directors (Part 1) Taiwan Corporate Governance Association / Net Zero Trend: A Practical Look at the ESG Decision-Making of Boards of Directors (Part 2)	6
Independent Director	Feng-Chih Huang	July 26, 2022	Taiwan Corporate Governance Association / Reveal the Secretive Mask of Insider Trading	3
Independent Director	Feng-Chih Huang	August 19, 2022	Taiwan Corporate Governance Association / Cases on corporate control fight in Taiwan	3
Independent Director	Feng-Chih Huang	August 25, 2022	Taipei Exchange / Seminar on Equity for Insiders of Listed Companies and Emerging Stock Companies on TWSE/TPEx	3
Independent Director	Feng-Chih Huang	August 30, 2022	Taiwan Corporate Governance Association / Evaluation and Execution of Mergers and Acquisitions from the Legal Viewpoint	3
Independent Director	Feng-Chih Huang	October 21, 2022	Taiwan Corporate Governance Association / How does the Director and Supervisor monitor the Company's management of enterprise risk management and the effectiveness of internal controls	3

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
			6. Status of the risk management policy and risk measurement measures: (1) We have established an audit division to monitor organizational operations regularly and report to the Audit Committee members directly, in order to help them supervise the business performance of the company and the performance of directors and managers, and keep track on the performance of the Company's internal control system. (2) The Company has disclosed the "Risk Management Policy and Procedure", which was approved by the Board of Directors, and the annual operation status on the Company's website. 7. Performance of the customer policy: We implement the customer policy in accordance with the "Sustainable Development Best Practice Principles" and specify in the corporate vision that providing customers with more delicate and better-quality satisfactory services is our goal. With the convenience of the internet, we have set up a website to accept customer complaints and actively address to their grievances. We have also set up a switchboard number and a free helpline (0800) in each plant as channels to maintain unimpeded communication with customers. 8. The situation regarding the Company's purchase of liability insurance for Directors: The company has already purchased liability insurance for the Directors' legal liability for the scope of business performed during their term of office, in order to reduce and spread the risks posed to the company and shareholders due to mistakes or negligence by Directors.	
IX. Please specify the completed improvements and the enhancements and measures prioritized for unimproved matters with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the previous year. 1. In 2022 we completed the following improvements in accordance with the results of the 8th Corporate Governance Evaluation: (1) The company has formulated the Board Diversity Policy, and the Company also discloses specific management objectives and their current implementation status on the official website and in its annual reports. 2. Priority improvements and measures were proposed for items not yet improved: (1) Succession planning for the Board members and key management personnel has been formulated and disclosed on the Company's official website in 2022.				

(Note 1): CPA Independence Evaluation Sheet

Indicator	Evaluation item Results
(I) **Self-interest** (refers to the financial interests obtained from the customer asking for an audit service or the conflict of interests with the customer asking for an audit service arising from other concerns of interests)	
1. A CPA or a member of the audit team has a direct or significant, indirect concern of financial interests with this Company.	NA
2. A CPA or a member of the audit team is the financer or guarantor of this Company or its directors.	NA
3. A CPA or a member of the audit team has a close business relationship with this Company.	NA
4. A CPA or a member of the audit team has a potential employment relation with this Company.	NA
(II) **Self-evaluation** (refers to the report issued or the judgment made by a CPA for a non-audit project becomes an important reference of the audit conclusions in an audit or a check of the financial information; or a member of the audit team has been a director, a supervisor, or a staff having significant influence on an audit project of the customer asking for an audit service.)	
1. A CPA or a member of the audit team is a director, manager, a staff having significant influence on an audit project of this Company or has been in such roles within the past two years.	NA
2. The non-audit service provided for this Company by a CPA will bring direct influence on the material items in an audit project.	NA
(III) **Defense** (refers a member of the audit team defends a customer asking for an audit service from the customer's position or view, leading to a challenge of his impartiality)	
1. A CPA or a member of the audit team engages in the promotion or brokerage of the stocks or other securities issued by this Company.	NA
2. A CPA or a member of the audit team defends for this Company or represents this Company to settle conflicts with a third party.	NA
(IV) **Familiarity** (refers to the over concern or sympathy of a CPA or a member of the audit team for the interests of a customer asking for an audit service through the close relationship with the customer and/or its directors or supervisors, and managers.	
1. A CPA or a member of the audit team is a relative to a director, a manager or a staff of this Company having significant influence on the audit project of this Company.	NA
2. A joint practicing CPA becomes a director, a manager, or a staff having significant influence on the audit project of this Company within one year after resignation.	NA
3. A CPA or a member of the audit team accept valuable offers or gifts from this Company or our directors and managers.	NA
(V) **Extortion** (refers to a CPA or a member of the audit team receives or feels threats from a customer asking for an audit service, making them unable to maintain objectivity and clarify doubts in an audit project.)	
1. This company requests a CPA or a member of the audit team to accept the inappropriate choice or accounting policies or inappropriate disclosure of financial statements made by management.	NA
2. This company extorts a CPA or a member of the audit team to reduce public fees, leading to the inappropriate reduction of the audit work.	NA

Evaluation results: With reference to the audit quality indicators and evaluation results for the year of 2021 provided by KPMG, CPAs Hung-Wen Fu and Shyh-Gang Horng of KPMG Taiwan comply with the criteria for evaluation of CPA independence of this Company. They are thus qualified to provide CPA services for this Company as shown in the statement made by KPMG Taiwan. Related evaluation results have been reported to the Audit Committee and BOD for approval.

(Note 2): The statement made by KPMG Taiwan.

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Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Auditors' Independence Declaration

To the directors of CHENG LOONG CORPORATION (the "**Company**"):

I hereby declare, in relations to the audit of the financial statements for the year ended December 31, 2022 of the Company, that I have complied with the Republic of China's Code of Professional Ethics for Certified Public Accountants related to independence and KPMG's (the "**Firm**") independence requirements which include policies and procedure on personal independence (financial interests, loans and guarantees, employment relationships, etc.), business relationships with clients, partner rotations, and non-audit services provided to audit clients, etc. The main policies and compliance monitoring activities on independence are set out as follows.

1. Main independence policies include:
    1.1 The Firm, its staff, and others are required to comply with the independence rules (including staff from member Firms) in order to maintain independence in accordance with the Code of Professional Ethics for Certified Public Accountants.
    1.2 All personnel are prohibited from engaging in (directly or indirectly) insider trading, misusing of internal information, and involving in any behavior that may mislead the securities or capital markets. In addition, all personnel are required to submit their confirmation of compliance with independence policies and procedures annually.
    1.3 For the audit of financial statements for listed entities, rotation is required for the engagement partners, co-sign partners, engagement quality control reviewers, and any other key audit partners when the cumulative service years of the above roles have reached the maximum time-on period mandated by statute or the Code of Professional Ethics for Certified Public Accountants.
    1.4 For the services provided, engagement teams are required to identify and assess threats to independence and apply safeguards to eliminate independence threats or reduce them to an acceptable level. If necessary, services shall be terminated.
2. Monitoring of compliance with independence policies:

2.1 All personnel are required to complete independence confirmation upon accepting and completing an engagement. The Firm follows up by monitoring whether all partners and staff have completed the annual ethics and independence confirmation through an online system.

2.2 Compliance with personal independence for personnel occupying the position of assistant manager or higher will be checked periodically by cross-examining their self-reported investment information in the Firm's Independence Compliance System.

2.3 Partner rotation and the appropriateness of non-audit services provided to audit clients are supervised and reviewed by checking the cumulative service years and the obtaining of approvals prior to providing non-audit services.

2.4 When independence is breached, the personnel (including partner) who violates the rules of independence will be reported to the Firm's Risk and Independence Committee. The Firm's Risk and Independence Committee will take appropriate disciplinary actions depending on the severity and nature of the breach in accordance with the independence policies.

Declared by: Hung-Wen Fu and Shyh-Gang Horng

KPMG

Taipei, Taiwan (Republic of China)

February 24, 2023

D. The Information of the Remuneration Committee

(1) List of Remuneration Committee Members

April 30, 2023

Title	Name	Professional qualifications and expertise	Independent status	Also a member of Compensation Committee to other public companies (number of firms)
Convener Independent Director	Yung-Chi Wang	1. Over five years of experience in commercial and corporate business–President, Long Chen Paper Co., Ltd. 2. Not engaged in affairs described in Article 30 of Company Act	1. Not the person, the person's spouse, relative within the second degree of kinship, of a director, supervisor or an employee of the company or any of its affiliates; 2. Number and proportion of the Company shares (66,393 shares/0.01%) held by the person who holds shares, together with those held by the person's spouse and second-degree relatives (or in the name of others); 3. Not a Director, Supervisor, or an employee of the Company or any of its affiliates (referenced from Subparagraph 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); 4. Remuneration for business, legal, financial, accounting and other services provided to the Company or its affiliates in the last two years accounts for 0.	
Independent Director	Fu-Hsing Chang	1. Obtained CPA certificate 2. Obtained CPA qualification certificate 3. Ph.D. in Accounting, National Chengchi University 4. Associate Professor, National Yunlin University of Science and Technology 5. Serving as the specially appointed associate professor of Chihlee University of Technology for more than 5 years 6. Not engaged in affairs described in Article 30 of Company Act	1. Not the person, the person's spouse, relative within the second degree of kinship, of a director, supervisor or an employee of the company or any of its affiliates; 2. 0 shares held by the person who holds shares, together with those held by the person's spouse and second-degree relatives (or in the name of others) ; 3. Not a Director, Supervisor, or an employee of the Company or any of its affiliates (referenced from Subparagraph 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); 4. Remuneration for business, legal, financial, accounting and other services provided to the Company or its affiliates in the last two years accounts for 0.	3
Independent Director	Feng-Chih Huang	1. Over five years of experience in commercial and corporate business–Chairperson, Chih Wei Management Consulting Co., Ltd., Senior Vice President, International Financing Department of CTBC Bank, and President, Asia-Pacific International Business, HSBC Bank (China) Co., Ltd. 2.Not engaged in affairs described in Article 30 of Company Act	1. Not the person, the person's spouse, relative within the second degree of kinship, of a director, supervisor or an employee of the company or any of its affiliates; 2. 0 shares held by the person who holds shares, together with those held by the person's spouse and second-degree relatives (or in the name of others) ; 3. Not a Director, Supervisor, or an employee of the Company or any of its affiliates (referenced from Subparagraph 5 to 8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee	2

Title	Name	Professional qualifications and expertise	Independent status	Also a member of Compensation Committee to other public companies (number of firms)
			of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); 4. Remuneration for business, legal, financial, accounting and other services provided to the Company or its affiliates in the last two years accounts for 0.	

(2) Operations of the Remuneration Committee

1. The Remuneration Committee consist of 3 members.
2. Term of the 5th committee members: From June 24, 2022 to June 9, 2025. In the year of 2022 and up to the date of publication of the annual report, the 4th Remuneration Committee met 1 time and the 5th Remuneration Committee met 3 times. (A)
3. The members of the Company's Remuneration Committee are appointed by the Board of Directors for the same term as that of the Board of Directors. Therefore, the fourth Remuneration Committee was terminated on June 10, 2022 after the re-election of directors at the shareholders' general meeting; on June 24, 2022, the Board of Directors approved the appointment of Yung-Chi Wang, Fu-Hsing Chang, and Feng-Chih Huang as the members of the fifth Remuneration Committee of the company.
4. The qualifications and attendance status are listed below:

Title	Name	Attend in Person (B)	Attend by Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Yung-Chi Wang	1	-	100	4th Remuneration Committee
Committee member	Yao-Ming Yang	1	-	100	4th Remuneration Committee
Committee member	Fu-Hsing Chang	1	-	100	4th Remuneration Committee
Convener	Yung-Chi Wang	3	-	100	5th Remuneration Committee Re-elected on June 24, 2022
Committee member	Fu-Hsing Chang	3	-	100	5th Remuneration Committee Re-elected on June 24, 2022
Committee member	Feng-Chih Huang	3	-	100	5th Remuneration Committee Re-elected on June 24, 2022

Other statutory information:

1. Where the Board of Directors does not adopt or amend the Remuneration Committee's proposals, please specify the date and number of the Board meeting, the content of the proposals, the resolutions of the Board of Directors, and the method of handling the Remuneration Committee's opinions (e.g., if the salaries and remuneration approved by the Board of Directors are higher than the levels suggested by the Remuneration Committee, please specify the differences and reasons): None.
2. For the decisions made by the Remuneration Committee, if there is any opinion expressing dissent or reservations, and there is a record or written statement, please specify the date, meeting number, content of the proposal, all members' opinions, and the method of handling the members' opinions: None.

5. Discussion Topics and Resolution Results of the Remuneration Committee

Date of Meeting	Session	Content of Proposal	Resolution Result	Response to the Opinion of the Remuneration Committee
March 15, 2022	7th meeting of 4th committee meeting	1. Review and approve the year-end bonus for managers for 2021.	Approved by all members present.	-
		2. Plan and decide the remuneration of the managers for 2021.	Approved by all members present and submitted to the Board of Directors for discussion.	The resolution was submitted to and approved by the Board of Directors of the company.
June 24, 2022	1st meeting of 5th committee meeting	1. Elect the convener of the fifth Remuneration Committee of the company.	All members present unanimously elected member Yung-Chi Wang as the convener of the current Remuneration Committee.	-
December 22, 2022	2nd meeting of 5th committee meeting	1. Review and approve the distribution of salaries for managers in 2021.	Approved by all members present.	-
		2. Plan and decide 2023 annual salaries for managers and employees.	Approved by all members present and submitted to the Board of Directors for discussion.	The resolution was submitted to and approved by the Board of Directors of the company.
		3. Plan and decide the year-end bonus for managers for 2022.		
March 14, 2023	3rd meeting of 5th committee meeting	1. Review and approve the year-end bonus for managers for 2022.	Approved by all members present.	-
		2. Plan and decide the remuneration of the managers for 2022.	Approved by all members present and submitted to the Board of Directors for discussion.	The resolution was submitted to and approved by the Board of Directors of the company.

E. Performance in Promoting Sustainable Development and Deviations from Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
I. Does the Company establish governance structure and an exclusively (or part-time) dedicated unit for promoting Sustainable Development? Is the unit authorized by the Board of Directors to implement ESG activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	✓		In order to promote the implementation of sustainable development, the Company has set up a Corporate Social Responsibility Committee in 2013 and changed its name to the Corporate Sustainability Committee (the ESG Committee) in 2021, which is responsible for formulating, implementing, reviewing, and improving policies and systems for sustainable development and for corporate sustainable operation and management, so as to strengthen the Company' ESG management and governance, environmental sustainability, and contribution to society. At the Committee, the Chairperson serves as an advisory committee member and the President chairs the committee. The Sustainability Department is designated as the dedicated unit, along with six task forces in charge of implementation. These six departments consist of "corporate governance," "environmental sustainability," "employee care," "supply chain management," "industrial services," and "social inclusion."The most senior executives of each relevant departments serve as the commissioner of each task force. Each task force discusses the implementation and the execution methods	The Company has a dedicated unit in charge of business related to sustainable development, in line with the relevant provisions of the Sustainable Development Best Practice Principles.

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
			of material issues, to promote interdepartmental implementation. In addition to task force meetings held from time to time, the Committee holds at least two meetings each year for the formulation and review of strategic targets, The Company has set the mid- and long-term goals for the ESG performance. The Chairperson will report on the ESG implementation results and performance to the Board of Directors quarterly. • Highlights of reports at the 2022 board meetings: (1) In response to the Financial Supervisory Committee(FSC) to conduct a greenhouse gas inventory of “all subsidiaries within the Group”; (2) Amended the ESG Sustainable Development Best Practice Principles in response to the Taiwan Stock Exchange; (3) Filled out the CDP climate change questionnaire to review the level of climate governance; (4) Reviewed the ESG performance and revised mid-term and long-term ESG goals; (5) Emphasized the quality of ESG information disclosure and stakeholders engagement and communication. • In 2022, the ESG Committee held a total of 15 meetings, including two strategic goal meetings and 13 task force meetings.	
II. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and implement relevant risk management policies or strategies?	✓		In order to implement risk management, the various departments of the Company follow the risk management procedures to measure and analyze the impact of various risk factors on CLC, by identifying and managing internal and external risks. Through regular business management meetings, we discuss the Company’s risk management priorities, risk assessments, and formulate response measures. Meanwhile, the Auditing Division formulates and executes relevant audit plans to track the effectiveness of risk management and carry out continuous improvement while reporting to the Board of Directors to ensure the Company’s sound operation. To improve the risk management system, the Company has passed the “Risk Management Policy and Procedure” at the 10th session of the 17th Board of Directors on November 12, 2020. The Board of Directors was designated as the highest unit in charge of risk management, and the President was authorized to implement risk management decisions. All departments evaluated and analyzed the impact of environmental, social, and governance risk factors, such as operations, finances, and climate change by identifying and managing internal and external risks according to the risk management procedures. The Company’s risk assessment boundaries are mainly limited to all the Company’s operating sites in Taiwan (four paper mills, seven box plants, and the Headquarters), and some overseas operating sites in China and Vietnam. The critical risks and countermeasures are as follows:	The Company has assessed all aspects of the risks to stakeholders in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.

Main risks	Items	Control strategy and opportunity
Finances	• Financing	1. The scope of risks covers financing, investment, liquidity management, dividend distribution, exchange rates, and interest rate hedging. The accounting division regularly confirms general ledger accounts and suppliers’ and clients’ credit files to ensure the stability and security of transactions.

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	

Main risks	Items	Control strategy and opportunity
		2. Prudently evaluate material capital expenditures and profits and formulate countermeasures against potential risks.
Talents	• Labor shortage • Talent gap	1. Examine the requirements for talents, enhance the training of inter-disciplinary talents in energy conservation and emission reduction, digital transformation, and international management in alignment with the Company's business strategy. 2. Engage in industry-academia collaboration and enhance the development of talents at home and abroad.
Raw materials	• Material unavailability	1. Keep abreast of the raw material trends, build a collaborative procurement platform, optimize inventory management, and prevent the risk of material unavailability. 2. Establish and expand the multi-party supply of raw materials.
Operations	• Operations	1. Expressly require that the selection and appointment of the management team shall not have a record of breach of trust, fraud, insider trading, or abnormal transfer of benefits, which may undermine shareholders' rights and interests. 2. Build a mobile information platform for sales, procurement, and production to keep abreast of operational information and manage abnormal events in real time. 3. Continuously improve technologies and develop products to satisfy clients' diverse needs, and deepen customer relationships through customer relationship management (CRM). 4. As we serve clients in various industries, there is no risk of customer or supplier concentration. 5. In response to information security risk management, the Company aims to strictly control the risk elements, develop awareness of information security, and strengthen the enterprise anomaly monitoring mechanism to ensure the normal operation of the Company.
Environment, safety, and health	• Environment • Occupational safety • Employee health	1. Devise the environmental management system mechanism, regularly examine the compliance,stay informed of the relevant data and performance of environmental resources, introduce the best available control technology (BACT) to enhance the air pollution control and reduce water consumption, thereby implementing the circular economy.

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Main risks</th><th>Items</th><th>Control strategy and opportunity</th></tr>
<tr><td></td><td></td><td>2. Establish an occupational safety and health management system to shape a company-wide risk culture and raise employees' risk awareness.
3. Adopt preventive and comprehensive employee health management and implement health care promotion projects to reduce health risks.</td></tr>
<tr><td>Climate change and energy</td><td>• Greenhouse gas emissions
• Climate disasters</td><td>1. Conduct carbon inventory and energy management, and the Energy Management Committee tracks and audits carbon emissions and energy on a monthly basis; improve product energy efficiency and alternative fuel utilization; implement energy-saving and carbon reduction projects; R&D of products with low energy consumption.
2. Formulate emergency response management procedures and develop disaster prevention and response capabilities.
3. Introduce the Task Force on Climate-related Financial Disclosures (TCFD) framework to improve climate sustainability governance.</td></tr>
</table>
</td><td></td></tr>
<tr><td>III. Environmental issues
(I) Does the Company establish proper environmental management systems based on the characteristics of their industries?</td><td>✓</td><td></td><td>(I) In order to follow the trend of green products and consumption, the Company uses clean production technology to produce renewable paper, which is in line with the spirit of eco efficiency and sustainable use of resources. All paper mills and paper container plants of the Company in Taiwan, Mainland China and Vietnam have obtained the ISO 14001: Environmental Management System and FSC Chain of Custody certification and continue to implement FSC™ Forest Management Certification. In addition, all mills in Taiwan and Cheng Loong Binh Duong Paper Co., Ltd. in Vietnam have obtained ISO 14064-1 greenhouse gas inventory and ISO 50001 energy management system certification.</td><td>(I) The Company strives to cultivate a friendly environment in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.</td></tr>
<tr><td>(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</td><td>✓</td><td></td><td>(II) The Company has striven to integrate energy resources to maximize the benefits of the 3Rs (reduce, reuse, and recycle) and reduce environmental impact, and actively promotes waste reduction and resource reuse, including such as recycle and reuse of recovered paper, waste food paper containers (including tailings from paper container factories), promoting sludge and residue reduction and reuse of solid recovered fuel (SRF), heat energy recycling, and waste disposal cost reduction as well as promotes green procurement, while setting long-term targets for continuous improvements.</td><td>(II) The Company strives to cultivate a friendly environment in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.</td></tr>
</table>

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>The implementation results as follows:
<table>
<tr><th>Index</th><th>Results in 2022</th><th>Goals of 2030</th></tr>
<tr><td>Utilization rate of recovered paper</td><td>1.57 million metric tons of recovered paper were used, and the recovered paper utilization reached 92.5%</td><td>> 92%</td></tr>
<tr><td>Alternative fuel ratio</td><td>10.32%</td><td>20%</td></tr>
<tr><td>Waste-to-resource ratio</td><td>335,740 metric tons equivalent 95.6% (YoY + 3.2%)</td><td>96%</td></tr>
</table>
</td><td></td></tr>
<tr><td>(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?</td><td>✓</td><td></td><td>(III) In the face of the potential operational crises caused by extreme climate events and global temperature rise, the Company adopted TCFD framework in 2020 and officially became a TCFD supporter in 2021. Meanwhile, we commissioned the British Standards Institution (BSI) to validate the compliance with the TCFD framework, have actively managed climate change issues and taken action, and become the first paper company in Taiwan to pass the TCFD audit and obtained the highest rating.
The Company has introduced a management framework based on the four aspects of governance, strategy, risk management, metrics, and targets in the TCFD Recommendations, and actively planned and taken actions to mitigate climate change. In addition, we have identified a total of six major transition risks, one physical risk, and six climate-related opportunities, put forth short-, medium-, and long-term countermeasures, and devised relevant corresponding indicators and goals.
CLC's climate change management
<table>
<tr><th>Core elements</th><th>Management strategies and actions</th></tr>
<tr><td>Governance</td><td>• Set up the ESG Committee to integrate climate action resources and progress across departments, Furthermore, the Office of Climate Change and Circular Economy was established under the Committee, with the President as its convener, to actively manage and take action on climate change issues.The Chairperson reports to the Board of Directors quarterly.
• The board of directors and the management team are responsible for approving climate-related strategies, goals and specific actions.</td></tr>
<tr><td>Strategy</td><td>• Continue to implement climate change mitigation and adaptation projects.
• Promote smart production and sales and a green energy circle, and transform the Company into a low-carbon and green energy paper company.</td></tr>
<tr><td>Risk management</td><td>• Engage in inter-departmental collaboration to identify climate-related risks and opportunities.
• Quantify financial impacts, devise countermeasures.
• Incorporate into corporate risk management and ISO management processes.</td></tr>
</table>
</td><td>(III) The Company strives to cultivate a friendly environment in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.</td></tr>
</table>

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Core elements</th><th>Management strategies and actions</th></tr>
<tr><td>Metrics and targets</td><td>• The ESG Committee sets climate-related performance indicators and quantitative targets, regularly tracks the achievement rates, and discloses the information to the public
• Establish the medium- and long-term targets of taking action toward reducing carbon emissions by 30% by 2030 and achieving carbon neutral emissions by 2050, respectively.</td></tr>
</table>
</td><td></td></tr>
<tr><td>(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?</td><td>✓</td><td></td><td>(IV) The Company has formulated environmental management policies, including “total participation, resources conservation, and environmental protection,” “improving the efficiency of waste water treatment and process water conservation,” and “expanding channels of converting waste to energy,” while conducting statistics on the environmental impact data in the past two years and inspecting greenhouse gas emissions every year, to review the reduction progress in line with the guiding principles of the National Master Plan on Energy Conservation and Carbon Reduction. Through the operation of the ISO 50001 energy management system, the Company continues to conserve energy and reduce carbon emissions, and has set the targets of taking action toward reducing greenhouse gases by 30% (base year:2018), converting 96% of waste to energy, and saving 1% of water annually by 2030.

Greenhouse gas emissions in the recent two years:
(All operational sites in Taiwan)
Scope 1 (Unit: MT)
<table>
<tr><th>Type</th><th>2021</th><th>2022</th></tr>
<tr><td>CO_2</td><td>1,163,926</td><td>1,092,741</td></tr>
<tr><td>CH_4</td><td>17,681</td><td>15,074</td></tr>
<tr><td>N_2O</td><td>5,382</td><td>4,924</td></tr>
<tr><td>HFCs</td><td>297</td><td>297</td></tr>
<tr><td>PFCs</td><td>-</td><td>-</td></tr>
<tr><td>SF_6</td><td>-</td><td>-</td></tr>
<tr><td>NF_3</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>1,187,286</td><td>1,113,037</td></tr>
<tr><td>ISO 14064-1 External verification of greenhouse gases</td><td>Passed</td><td>Expected to complete in August 2023</td></tr>
</table>
Summary (Unit: MT)
<table>
<tr><th></th><th>2021</th><th>2022</th></tr>
<tr><td>Scope 1</td><td>1,187,286.0727</td><td>1,113,036.8622</td></tr>
<tr><td>Scope 2</td><td>297,857.3832</td><td>289,518.7954</td></tr>
<tr><td>Total(Scope 1~2)</td><td>1,485,143.4559</td><td>1,402,555.6576</td></tr>
<tr><td>Scope 3</td><td>281,128.0845</td><td>251,165.6197</td></tr>
<tr><td>Total (Scope 1~3)</td><td>1,766,271.5404</td><td>1,653,721.2773</td></tr>
<tr><td>ISO 14064-1 External verification of greenhouse gases</td><td>Passed</td><td>Expected to complete in August 2023</td></tr>
</table>
</td><td>(IV) The Company strives to cultivate a friendly environment in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.</td></tr>
</table>

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>Water consumption in the recent two years:
(All operational sites in Taiwan)
<table><tr><th></th><th>2021</th><th>2022</th></tr><tr><td>Total (10hL)</td><td>410,532</td><td>1,015,708</td></tr><tr><td>Unit product water consumption-Industrial Paper Division (10hL /MT)</td><td>8.8</td><td>10.6</td></tr><tr><td>Unit product water consumption-Container Box Division (10hL /10,000m^2)</td><td>1.44</td><td>1.5</td></tr><tr><td>Unit product water consumption-Household Product & Paperboard Division (10hL/MT)</td><td>30.92</td><td>29.81</td></tr></table>To achieve sustainable utilization of resources, the Company adopts four major management strategies for waste, namely reduction from the source, reuse, resource recycling, and track the flow. The waste generated by the Company is general business waste, and the Company did not generate any hazardous business waste.
Waste output in the last two years:
(All operational sites in Taiwan)
(Unit:MT)
<table><tr><th></th><th>2021</th><th>2022</th></tr><tr><td>Total weight of waste</td><td>339,916</td><td>335,740</td></tr><tr><td>Total weight of waste reused</td><td>313,933</td><td>321,089</td></tr><tr><td>Rate</td><td>92.4%</td><td>95.6%</td></tr></table></td><td></td></tr>
<tr><td>IV. Social Issues
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>(I) Regarding labor rights and interests, the Company complies with International Bill of Human Rights and formulates the Company’s human rights policy, labor contract, work rules, and personnel regulations in accordance with the Labor Standards Act, the Act of Gender Equality in Employment, the Employment Service Act, and laws and regulations in relation to labor rights, and offers relevant education and training annually, to ensure that employees are treated and respected reasonably and fairly.</td><td>(I) The Company attaches great importance to labor human rights and strictly abides by the relevant laws and regulations, in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.</td></tr>
<tr><td>(II) Has the Company established and offered proper employee benefits (including remuneration, leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately?</td><td>✓</td><td></td><td>(II) The Company holds meetings regularly to plan and review the employee welfare system and continue to develop diversified and complete employee care proposals to cater to the needs of employees. The employee benefits include medical allowances for employees and their family members, scholarships for their children, subsidies for travel and social activities, childbirth cash gift, and free health checkup; meanwhile, we maintain a young workforce and ensure diversity and equality in the workplace. In addition, in consideration of the price level and competitiveness of salary, salary is adjusted annually based on the operational performance. Salary adjustments have been conducted for 16 consecutive years, with an increase of about 1.5% to 3% per year and welfare expenditure per employee in 2022 was NT$ 50,000 (YoY+2.4%).</td><td>(II) The Company reflects its business performance or results in the employee remuneration policy and benefits in an appropriate manner, in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.</td></tr>
</table>

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
(III) Does the Company provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	✓		(III) The Company has obtained and continued to implement the operation and verification of Occupational Health and Safety Assessment Series 18001 (OHSAS18001) and Taiwan Occupational Safety and Health. Management System (TOSHMS). ISO 45001 transition educational training is also conducted to promote safety and heath concepts. All 10 plants in Taiwan have obtained ISO 45001 certification. In 2022, the average training hours for safety and health education per employee 1.96 hours per month (23.5 hours/year). In 2022, there were ten cases of employees suffering from disabling injuries in CLC's plants at home and abroad. The occupational injuries were mainly caused by clamps and fallen, and there was no case of occupational diseases on record. In response to the above occupational injuries, the Company has taken measures to strengthen education and training, amend safe operation regulations and change some parts of equipment to ensure that employees are aware of safe behavior during operations and to provide employees with a safe work environment.	(III) The Company attaches great importance to labor human rights and strictly abides by relevant laws and regulations, in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.
(IV) Does the Company provide its employees with career development and training sessions?	✓		(IV) For employees at different levels, a functional management-oriented training system has been established; the Company works to improve employees' professional management skills and knowledge through the systematic education and training process of PDDRO (plan-design-do-review-outcome). The total number of training hours in 2022 in Taiwan reached 206,132 and training hours per person was 56.0 hours (excluding overseas and affiliated companies).	(IV) The Company has implemented a career development training program, in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	✓		(V) The Company's products are all in compliance with relevant national laws and regulations and international standards, including CNS standards, certification of an inspection and verification agency (SGS), and ISO 27001 information security management system certification to ensure consumers' rights. The Company's website contains information of the telephone hotline or e-mail address for each product category and for stakeholders to actively respond to the needs of customers and the general public. Each factory also has a dedicated line and a 0800 toll-free line.	(V) The Company shall ensure the transparency and security of information of products and services, in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	✓		(VI) All CLC's new suppliers shall sign the "Supplier Social Responsibility Compliance." The Company evaluates the key suppliers' corporate sustainability indicator according to the CSR Information Disclosure policy. The implementation results in 2022 included: (1) supplier conferences were held to share CLC's ESG management policies and action plans, and a total of 17 excellent suppliers were selected and awarded certificates of appreciation; (2) on-site audits were conducted for 68 suppliers,expanding the scale of evaluation of agents or distributors without mills and including carbon neutral-climate action projects in the supplier evaluation form, responding to the goal of sustainable development and to strengthen supplier management performance; (3) 8 supplier environmental, safety, and health educational	(VI) The Company has implemented and evaluated the impact of procurement activities on the environment and society of the supplying community, in compliance with the relevant provisions of the Sustainable Development Best Practice Principles.

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
			training sessions were held, with a total of 125 suppliers participating; (4)The Company established the first carbon-neutral alliance in the paper industry, integrated government counseling resources to fortify carbon reduction infrastructure capabilities, and actively promoted the green supply chain.	
V. Does the Company, following internationally recognized standards or guidelines, prepare and publish reports such as its Sustainability report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?	✓		The 2022 CLC Sustainability Report was prepared with reference to the GRI Standards issued by the Global Reporting Initiative (GRI) in 2021, the structure and content of the report was verified by the Afnor Group • BellCERT (In compliance with AA1000AS(v3): 2008). In the future, an independent and impartial third party will continue to be commissioned for verification of the annual report so as to strengthen the credibility of the report.	The Company's sustainability report is prepared according to internationally recognized standards or guidelines with reference to the Sustainable Development Best Practice Principles.It will commission a third party to conduct verification to improve the reliability of information.

VI. If the Company has established its own Sustainable Development Best Practice Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please provide detailed information on the discrepancies between its implementation and the prescribed best practices:
The Company has disclosed its Sustainable Development Best Practice Principles on its website and the Market Observation Post System (MOPS), and there is no discrepancy between its implementation and the prescribed best practices.

VII. Other key information useful for explaining status of corporate social responsibility practices:

(I) Award recognitions

▌Corporate governance

1. One of the only two Taiwanese companies to be named as 2022 CLEAN 200 selected as the Global top 200 clean Company by the Corporate Knights from Canada
2. The first Taiwan papermaker completed its first official response to the CDP Climate Change Questionnaire, receiving an "A-" Management Level by Global environmental NPO
3. The first Taiwan-invested enterprise to be awarded by the Vietnam Chamber of Commerce and Industry (VCCI) the "Top 100 Sustainable Businesses in Vietnam"–Cheng Loong Binh Duong Paper Mill
4. Ranked No. 30 in the large enterprise group of the Excellence in CSR launched by the CommonWealth Magazine for the nineth time
5. The five benchmarking awards of Taiwan Institute for Sustainable Energy (TAISE): The first Asia-Pacific Sustainability Action Awards–Silver, Taiwan's Top 100 Sustainable Enterprises Award, Sustainability Reporting Award–Platinum, the Award for Circular Economy Leadership (TOP 4), and the Award for Talent Development Leadership (TOP 3) at the Taiwan Corporate Sustainability Awards(TCSA)
6. Global Views Monthly–Circular Sustainability Model Award
7. Twin awards at the first "New Taipei Classic Award" awarded by the Economic Development Department, New Taipei City Government–Enterprise Classic and Investment Contribution
8. Won the Taiwan Circular Economy Awards (TCEA) in the corporate category–Outstanding from the Chung-Hua Institution for Economic Research for the second time
9. Ranked among the top 6%-20% of the 8^{th} Corporate Governance Evaluation at TWSE by the Taiwan Stock Exchange
10. Selected the TWSE Corporate Governance 100 Index by Taiwan Index Plus Corporation for 2 consecutive years
11. Named one of the 2022 TOP 10 Vietnamese Leading Brands by the Asian Business Research and Development Center and Vietnam Private Business Association (VPBA)–Vina Tawana Container Plant

▌Environmental performance

1. "Resource Circulation Prospective Certification" endorsed by the Environmental Protection Administration(EPA)–Chupei Mill
2. Industrial Greenhouse Gas(GHG) Reduction Excellent Performance Enterprises Industrial Development Bureau, Ministry of Economic Affairs for 2 consecutive years–Tayuan Mill
3. Qualified by Cleaner Production Assessment System Conformity under the Green Factory Certification endorsed by the Industrial Development Bureau, Ministry of Economic Affairs–Hsinchu Mill
4. The Excellence Award in the Circular Economy for Pollution Reduction and Coal Reduction Evaluation by the Environmental Protection Bureau(EPB) of Taichung City Government for 2 consecutive years–Houli Mill
5. Sunshine A+ Competition "Green Energy Contribution Award" awarded by the Economic Development Bureau, Taichung City Government–Houli Mill
6. Annual green procurement amount reached NT$9.17 billion, awarded the Excellent Entity for Green Procurement by the EPA and city/county governments
7. Named one of the companies in *Business Weekly's* "TOP 100 Carbon Competitiveness," the first such survey in Taiwan

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
▌Social welfare 1. Won the Gold Award of the 1111 Job Bank Happy Enterprise Awards for the third time 2. A total of 8 plants in Taiwan received the “Healthy Workplace Certification” from the Ministry of Health and Welfare(MOHW) 3. Awarded “Outstanding Unit for Over-employment of Persons with Physical and Mental Disabilities” by the Department of Labor Affairs, Hsinchu City Government–Hsinchu Mill 4. Recognized by the New Taipei City Government for Corporate Disaster Prevention–Panchiao Plant 5. Recognized for Excellence in Corporate Public Toilet Adoption by the Taichung City Government–Houli Mill 6. Taichung City's Perpetual Health and Safety Program launched by the Environmental Protection Bureau, Taichung City Government, providing funding for recycling equipment for individual resource recovery households–Houli Mill 7. Committed to the Health Corporate Citizenship (CHR) launched by the Common Health Magazine and became Corporate Health Responsibility for four consecutive years 8. Won iSports Award from Sports Administration, Ministry of Education for the second time–Certified Corporation 9. Selected the TWSE RA Taiwan Employment Creation 99 (EMP 99) Index by Taiwan Index Plus Corporation for 12 consecutive years (II) Secondary forest and social welfare 1. Paper Library: Established and maintained 25 paper libraries, benefiting more than 16,000 children 2. Public welfare expenditure: In 2022, a total of nearly NT$14.21 million was invested (including the Cheng Loong Corporation, Cheng Huo-Tien Charity Foundation and the Cheng Loong Children’s Care Foundation) in donations of supplies, child care scholarships, emergency relief, sponsorship of various public welfare activities, etc., of which the expenditure of scholarships amounted to NT$3.26 million 3. Volunteer participation: In 2022, we collaborated with a third party to jointly compile an educational manual, worked the paper library to hold camps for elementary school students, and continued to facilitate environmental education. There were 907 volunteers with a total of 1,831 hours of volunteering in 2022 4. Factory tours: Educated the public and enlightened children on the concept of environmental protection, with more than 1,000 visitors throughout the year 5. Care for the community: Adopted roads; helped community members; beautified street lights, rivers, bus shelters, and sidewalks; and continued to make donations to important festivals and events in the community (III) Supply chain upgrade guiding program 1. Recycler transformation and upgrade: Since 2018, the Company has taken the lead in guiding 144 recycling companies to implement source identification and diversion and promoting proper categorization of recyclables, and selected two key recyclers each year to optimize their sorting and recycling system so as to improve paper separation and reuse and to reduce waste. 2. Caring for recycling workers: CLC visits the self-employed recycling workers quarterly to obtain the first-hand information on the frontline recycling workers’ problems and opinions. (IV) Promotion of biodiversity 1. Maintenance of Cheng Loong Park: Since 2009, the Company has adopted an area of 2,000 pings (1 ping = 3.306 sq m) in front of the Head Office to establish the Cheng Loong Park with nearly 20 kinds of native plants. 2. Adoption of public toilets: The Company has adopted as many as 90 public toilets in Taiwan and sponsored Dandelion eco-friendly toilet paper for the toilets, while encouraging the public to “protect the environment from a piece of toilet paper.” 3. Established the Water Environment Patrol Team to patrol the Keya River on holidays to jointly maintain the environment of the Hsinchu Mill near the river.				

F. Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and programs (I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate	✓		(I) The Company has formulated the “Procedures for Ethical Management and Guidelines for Conduct”, which were approved by the Board of Directors, and disclosed them on the Company’s website to realize the commitment of the ethical management policy.	(I) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

<table>
<tr><th rowspan="2">Indicator</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies/ reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?
(III) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?</td><td>✓

✓</td><td></td><td>(II) The Company has formulated the “Procedures for Ethical Management and Guidelines for Conduct”, the “Response to Involvement in Unethical Conduct”, and the “Procurement Standard Operating Procedure”, while formulating relevant plans to prevent unethical conduct; this has at least covered the preventive measures for each conduct stipulated in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles” for TWSE/GTSM Listed Companies.
(III) The Company clearly stipulates relevant operating procedures and grievance system in the Procedures for Ethical Management and Guidelines for Conduct and the Response to Involvement in Unethical Conduct, which are disclosed on the Company’s website, while timely reviewing the aforementioned regulations in accordance with the amendments to the government’s laws and regulations and practical needs, to prevent unethical conduct.</td><td>(II) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
<tr><td>II. Fulfillment of Ethical Corporate Management
(I) Does the company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts signed with the transaction counterparties?
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</td><td>✓

✓</td><td></td><td>(I) The company has established the Procedures for Ethical Management and Guidelines for Conduct to assess the ethical records of the transaction counterparties, and incorporated the terms of ethical management in the business contract.
(II) 1. The Company has set up the Ethical Management Promotion Team under the Board of Directors as a dedicated unit to promote ethical corporate management, which already reported to the Board of Directors on December 22, 2022.
2. The implementation situation of the Company’s Ethical Management Promotion Team in 2022:
A. The amendments to Insider Trading Prevention Management Regulations, adding a regulation “prohibiting directors from trading shares before the announcement of financial statements”. This year, in addition to notifying all directors, senior management was also notified of the closed period during which stock trading is prohibited to avoid directors and senior management’s accidental violation of the regulation.</td><td>(I) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
</table>

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
			B. We held a total of six ethical management and anti-corruption education and training sessions, with a total of 138 participants. C. As of the end of November in 2022, the anti-corruption reporting channel had not received any corruption reports of the Company's personnel involved in unethical conduct.	
(III) Has the company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has established the Code of Ethical Conduct for explicit regulation and has implemented the measures to prevent the occurrence of various types of conflicts of interests.	(III) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(IV) Has the company established an effective accounting system and an internal control system for the implementation of ethical corporate management? Does the company entrust the internal audit unit to formulate relevant audit plans based on the results of the assessment of the risk of unethical conduct, and check the compliance with the prevention program against unethical conduct? Or does the Company entrust certified public accounts (CPAs) to perform the audit?	✓		(IV) In order to implement the ethical management, the Company has established the Code of Ethical Conduct and the Procedures for Ethical Management and Guidelines for Conduct, while setting up an accounting system and an internal control system effectively. CPAs have been entrusted to perform the audit of the financial and accounting information, and the Auditing Division performs internal audit.	(IV) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(V) Does the company regularly hold internal and external education and training sessions on ethical corporate management?	✓		(V) For the education and training on ethical management, in addition to Directors' and managerial offers' participation in external courses organized by relevant institutions, the Company's Legal Affairs Department will hold lectures at the Company to enable employees at all levels to be fully aware of the Company's determination in this regard and the outcome in case of a violation, to ensure top-down compliance.	(V) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
III. Status of enforcing whistle-blowing systems in the company (I) Has the company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		(I) The Company has established the Procedures for Ethical Management and Guidelines for Conduct and the Regulations for Rewarding Reports of Matters Harmful to Organizational Interests to explicitly regulate the reporting procedure, the dedicated unit in charge of acceptance of reports, and the reward system to curb the occurrence of illegal conduct. If there is a violation of the ethical management regulations, the relevant units will quickly convene a personnel assessment meeting to investigate the truth, and if the violation is proved to be true, a disciplinary action will be imposed immediately in accordance with the work rules. In addition, the Auditing Division's dedicated line and mailbox are provided to accept complaints of illegal acts.	(I) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Indicator	Implementation Status			Discrepancies/ reasons
	Yes	No	Summary Description	
(II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after investigation, and relevant confidentiality mechanisms? (III) Does the company provide protection to whistleblowers against receiving improper treatment?	✓ ✓		(II) The Company has clearly stipulated procedures for accepting reports of misconduct and relevant confidentiality and protection mechanisms in its Procedures for Ethical Management and Guidelines for Conduct and the Response to Involvement in Unethical Conduct (III) The Company has clearly stipulated procedures for accepting reports of misconduct and relevant confidentiality and protection mechanisms in its Procedures for Ethical Management and Guidelines for Conduct and the Response to Involvement in Unethical Conduct	(II) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. (III) In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
IV. Enhancement of Information Disclosure Has the company disclosed on its website and the Market Observation Post System the content of its ethical corporate management best practice principles and the effectiveness of the implementation?	✓		The Company has disclosed its Procedures for Ethical Management and Guidelines for Conduct and the status of ethical corporate management implementation and the effectiveness of the implementation on the Company's website, while strengthening the collection of and disclosure channels of relevant information.	In compliance of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
V. Where the Company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between its implementation and the prescribed best practices: The Company's Procedures for Ethical Management and Guidelines for Conduct have been disclosed on the Company's website, and its actual implementation shows no difference from the prescribed best practices.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amend its policies). In addition to implementing the Code of Ethical Conduct and the Procedures for Ethical Management and Guidelines for Conduct within the Company, when the Company signs a purchase contract with a business partner, it informs the partner of the prohibition of bribing its employees and states that improper behavior will cause the risk of loss to the partner, demonstrating the Company's determination to implement ethical corporate management. The Company has established the "Supply Chain ESG Information Disclosure" evaluation mechanism, requiring suppliers to sign ESG provisions to shape a trading mechanism of integrity, fairness, and reciprocity, while guiding business partners to implement sustainable development collectively with the Company's experience in ethical management.				

G. Should the governance best practice principles and related regulations be established, disclose their access:

The Company's "Corporate Governance Best Practice Principles" and relevant important regulations have been disclosed in the "Major Regulations" under the "Corporate Governance Section" of the Company's website and on the Market Observation Post System. Please visit http://www.clc.com.tw/regulations or http://mops.twse.com.tw for details.

H. Other material information that is helpful for understanding the status of implementation of corporate governance:

1. Related licenses and certificates issued by competent authorities to staff in relation to financial information transparence of this company

License/Certificate	Number of Staff
Certified Public Accountants	3
Certified Internal Auditor	1
Taiwan Academy of Banking and Finance: Proficiency Test for Financial Planning Personnel	2
Securities and Futures Institute: The Enterprise Internal Control Basic Ability	1
Securities and Futures Institute: Stock Service Personnel Proficiency Test	12
Securities and Futures Institute: Senior Securities Specialist Proficiency Test	3
Securities and Futures Institute: Futures Specialist Proficiency Test	2
Securities and Futures Institute: Securities Investment Trust and Consulting Proficiency Test	4
Securities and Futures Institute: Asset Securitization Basic Ability Test	1
Taiwan Academy of Banking and Finance: Basic Proficiency Test for Bank Lending Personnel	2
Taiwan Academy of Banking and Finance: Basic Proficiency Test for International Banking Personnel	2
Taiwan Academy of Banking and Finance: Certified Financial Specialist for Small and Medium Enterprises	1

2. Internal Material Information Processing SOP

We have established the Regulations for Processing Internal Material Information to remind directors, managers, and employees to exercise the due care and due faith of a prudent administrator to implement their work based on integrity and ethics. To ensure the confidentiality (non-disclosure) of material information, they are requested to sign confidentiality agreement (non-disclosure agreement, NDA) and shall not disclose to others the internal material information of this company. We have also established the “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct” to govern employees shall not engage in insider trading with undisclosed information acknowledged from work.

Furthermore, we have established the internal control system to audit the transaction procedures in relation to internal control from time to time and propose an amendment to such procedures were necessary to ensure the system is continuingly and effectively implemented to achieve the internal management and operational goals. In addition to education, training, and awareness education, employees can access internal policies and regulations from the corporate intranet and get familiar with them to prevent breaking the law or insider trading.

I. Implementation status of the internal control system

1. Statement of Internal Control System

Cheng Loong Corp.

Statement of Internal Control System

Date: March 14, 2023

Based on the findings of a self-assessment, Cheng Loong Corp. (CLC) states the following with regard to its internal control system during the year 2022:

1. CLC's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CLC takes immediate remedial actions in response to any identified deficiencies.
3. CLC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CLC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CLC believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of CLC's Annual Report for the year 2022 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting held on March 14, 2023, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Cheng Loong Corp.

Chairperson

President

2. Auditor's internal control review report: None.

J. Legal penalties to the company or employees, and the Company's punishment for the employee's violation, the major defects, and the improvements of the internal control system

Please refer to the information on environmental expenditures and protection for the bodily safety of employees for the legal penalties to employees, and the Company's punishment for the employee's violation, the major defects, and the improvements of the internal control system. (P. 114~123 of the Annual Report)

K. Major Resolutions of Shareholders' Meeting and Board Meetings

(I) Major resolutions of the shareholders' meeting and Implementation Status:

2022 shareholders' meeting was held on June 10, 2022.

	Resolutions of Shareholders' Meeting	Implementation Status
1	Adoption of the FY2021 financial statements and business report.	Adoption of the FY2021 business report and financial statements: The relevant statements have been submitted to the competent authority and announced to the public in accordance with the Company Act and other relevant laws and regulations.
2	Adoption of the proposal for allocating the FY2021 distributable earnings as follows: Total distributable earnings were NT$11,575.05 million. Appropriation of cash dividends to shareholders was NT$1.9 per share.	The proposal for allocating FY2021 distributable earnings was adopted. July 4, 2022 was set as the ex-dividend date and July 29, 2022 was set as the cash dividends payment date. The cash dividend per share was NT$1.9 and total allocation amount was NT$2,105,722 thousand.
3	Approved the amendments to the provisions regarding the Company's "Articles of Incorporation."	In accordance with the resolution of the shareholders' meeting, the Company amended some provisions of the Company's "Articles of Incorporation."
4	Approved the amendments to the provisions regarding the Company's "Procedures for the Acquisition or Disposal of Assets."	In accordance with the resolution of the shareholders' meeting, the Company amended some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets."
5	Approved the amendments to the provisions regarding the Company's "Rules of Procedure for Shareholders Meetings".	In accordance with the resolution of the shareholders' meeting, the Company amended the Company's "Rules of Procedure for Shareholders Meetings".
6	Election of the 18th board of 6 directors and 3 independent directors.	Election results: Director: Jen-Ming Cheng Director: Su-Yun Cheng Director: Yen-Hao Chen Representative of Director of Sun Favorite Co., Ltd.: Ching-Biao Chang Representative of Director of Ming Foong Plastic Co., Ltd.: Ching-Huei Yu Representative of Director of Shine Far Co., Ltd.: Mu-Hsiang Peng Independent Director: Yung-Chi Wang

	Resolutions of Shareholders' Meeting	Implementation Status
		Independent Director: Fu-Hsing Chang Independent Director: Feng-Chih Huang
7	Abolishment was approved of the "Non-competition clause" for the Company's directors.	In accordance with the resolution of the shareholders' meeting, the Company abolished the "Non-competition clause" for directors.

(II) Major resolutions of the Board Meeting

1. The 19th session of 17th Board meeting-time: March 15, 2022

Report 1 The Company's employee bonus allocation for 2021 was approved by all the Directors present at the meeting and reported to the AGM.

Report 2 The Company's 2021 individual financial statements, consolidated financial statements, and business reports were approved by all the Directors present and submitted to the AGM for recognition.

Report 3 As of the end of December 2021, the endorsements/guarantees provided by the Company and their necessity and reasonableness, as well as the amounts of loans given to others, were approved by all the Directors present and reported to the AGM.

Report 4 In January 2022, the Company has undertaken two derivative financial instruments with a total principal amount of NT$300 million, which was approved by all the Directors present.

Report 5 Managers' bonuses and year-end bonuses for 2021 were approved by all the Directors present.

Report 6 For the needs of fund utilization, a proposal to apply for the short-term general credit limit from relevant financial institutions was approved by all the Directors present.

Report 7 To prevent potential interest risks, the Company proposed to apply for derivative financial instruments principal amount of USD500,000 from First Commercial Bank, which was approved by all the Directors present.

Report 8 In order to meet the needs of the Company's reinvestment business in Mainland China, a proposal to provide endorsements/guarantees or letters of comfort to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 9 In order to meet the needs of the Company's investment business in Southeast Asia, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 10 The Company's endorsement guarantee seal shall be kept by a designated official, which was approved by all the Directors present.

Report 11 A proposal to amend some of the provisions of the Company's "Articles of Incorporation" was approved by all the Directors present and submitted to the

AGM for discussion.

Report 12 A proposal to amend some of the provisions of the Company's "Procedures for the Acquisition or Disposal of Assets" was approved by all the Directors present and submitted to the AGM for discussion.

Report 13 A proposal to amend the provisions of the Company's "Rules of Procedure for Shareholders Meetings" was approved by all the Directors present and submitted to the AGM for discussion.

Report 14 A proposal to amend title and some of the provisions of the Company's "Corporate Social Responsibility Best Practice Principles" was approved by all the Directors present.

Report 15 The Company's Statement of Internal Control System for 2021 has been completed in accordance with the regulations and was approved by all the Directors present.

Report 16 A proposal to change the CPAs and a resolution on their remuneration was approved by all the Directors present.

Report 17 The assessment of the independence of CPAs was approved by all the Directors present.

Report 18 The Company's distribution of earnings for 2021 was approved by all the Directors present and submitted to the AGM for report and recognition.

Report 19 A proposal regarding the election of the 18th Directors (including Independent Directors) and nomination of candidates was approved by all the Directors present.

Report 20 A proposal to request the shareholders' meeting for the removal of the non-competition clauses for the Company's new Directors and their representatives was approved by all the Directors present and submitted to the AGM for discussion.

Report 21 A proposal to set the time, place, and purpose for convening the Company's 2022 AGM was approved by all the Directors present.

2. The 20th session of 17th Board meeting-time: May 10, 2022

Report 1 The Company's consolidated financial report for the first quarter of 2022 was approved by all the Directors present.

Report 2 As of the end of March 2022, the Company's endorsement and guarantees provided to and funds loaned to others were approved by all the Directors present.

Report 3 A proposal for a new anaerobic treatment system and biogas power generation facility in Houli Mill was approved by all the Directors present.

Report 4 In order to meet the capital requirements for the establishment of an anaerobic treatment system at Houli Mill, the Company's intent to apply for a green financing line from Banqiao Branch, Mega International Commercial Bank was approved by all the Directors present.

Report 5 A proposal to amend the Company's "Rules for Internal Control System of Shareholder Services Units" in accordance with the laws and regulations announced by the competent authority was approved by all the Directors present.

Report 6 Creation of the new position of Chief Information Security Officer and a dedicated information security unit was approved by all the Directors present.

3. The 1st session of 18th Board meeting-time: June 10, 2022

Report 1 In the election of the 18th Chairperson and Vice Chairperson of the Company, 9 Directors unanimously selected, Director Jen-Ming Cheng as the current Chairperson and Director Su-Yun Cheng as the Vice Chairperson.

4. The 2ed session of 18th Board meeting-time: June 24, 2022

Report 1 For the needs of fund utilization, a proposal to apply for the short-term general credit limit from relevant financial institutions was approved by all the Directors present.

Report 2 A proposal for applying for a medium-term syndicated loan of NT$9 billion from a group of lenders co-organized by the First Commercial Bank was approved by all the Directors present.

Report 3 To prevent potential interest and currency risks, the Company proposed to apply for derivative financial instruments limits from KGI Bank, which was approved by all the Directors present.

Report 4 In order to meet the needs of the Company's investment business in Southeast Asia, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 5 A proposal to cease the development of the Jiantan Urban Unsafe and Old Buildings Co-construction Project in Section 4, Chengde Road, Shilin District, Taipei City was approved by all the Directors present.

Report 6 A proposal to renovate the dormitories for employees at Chupei Mill, except for Chairperson Jen-Ming Cheng and Vice Chairperson Su-Yun Cheng who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 7 A proposal for the civil engineering works for the material storage yard of Chung Hsing Industrial Area at Houli Mill, except for Chairperson Jen-Ming Cheng and Vice Chairperson Su-Yun Cheng who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 8 A proposal for changes of the Company's managers, except for Chairperson Jen-Ming Cheng and Vice Chairperson Su-Yun Cheng who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 9 The candidates for the 5th Remuneration Committee of the Company were approved by all the Directors present.

5. The 3rd session of 18th Board meeting-time: August 10, 2022

Report 1 The Company's consolidated financial report for the second quarter of 2022 was approved by all the Directors present.

Report 2 As of the end of June 2022, the Company's endorsement and guarantees provided to and funds loaned to others were approved by all the Directors present.

Report 3 A proposal for reducing capital of the Company's offshore holding subsidiary was approved by all the Directors present.

Report 4 For the needs of fund utilization, a proposal to apply for a loan of NT$400 million in the name of Guaranteed Payments Receivable–Guaranteed Return of Usable Pre-sale Property Price (guarantee provided)" from the Songshan Branch of Land Bank was approved by all the Directors present.

Report 5 For the needs of fund utilization, a proposal to apply for the short-term general credit limit and commercial paper facilities from relevant financial institutions was approved by all the Directors present.

Report 6 Proposed to loan funds to Hong Kong Chung Hao Limited and Hong Kong Gwang Loong Limited was approved by all the Directors present.

Report 7 In order to meet the needs of the Company's investment business in Southeast Asia, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 8 The Company's endorsement guarantee seal shall be kept by a designated official, which was approved by all the Directors present.

Report 9 A proposal to sell on-sale premises on Roosevelt Road, Taipei City, to related parties, except for Chairperson Jen-Ming Cheng, Vice Chairperson Su-Yun Cheng and Director Ching-Huei Yu who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 10 A proposal for fire protection engineering work at the material storage yard of Chung Hsing Industrial Area at Houli Mill, except for Chairperson Jen-Ming Cheng and Vice Chairperson Su-Yun Cheng who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 11 A proposal to amend some of the provisions of the Company's "Procedures for Handling Material inside Information" was approved by all the Directors present.

Report 12 A proposal for removing the non-competition clause for the Company's managers was approved by all the Directors present.

6. The 4th session of 18th Board meeting-time: November 9, 2022

Report 1 The Company's consolidated financial report for the third quarter of 2022 was approved by all the Directors present.

Report 2 As of the end of September 2022, the Company's endorsement and guarantees provided to and funds loaned to others were approved by all the Directors present.

Report 3 A proposal for reducing capital and distributing surplus of the Company's offshore holding subsidiary was approved by all the Directors present.

Report 4 A proposal for investment in the establishment of "Chung Ming (Vietnam) International Limited" of the Company's offshore holding subsidiary was approved by all the Directors present.

Report 5 For the needs of fund utilization, a proposal to apply for the medium- and short-term general credit limit from relevant financial institutions was approved by all the Directors present.

Report 6 In order to meet the needs of the Company's reinvestment business in Mainland China, a proposal to provide endorsements/guarantees or letters of comfort to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 7 In order to meet the needs of the Company's investment business in Southeast Asia, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 8 A proposal to amend some of the provisions of the Company's "Corporate Governance Best Practice Principles" was approved by all the Directors present.

Report 9 A proposal to amend some of the provisions of the Company's "Insider Trading Prevention Management Regulations" was approved by all the Directors present.

Report 10 A proposal to amend some of the provisions of the Company's "Internal Control System–Information Security Inspection Operation Cycle Procedure Manual" was approved by all the Directors present.

Report 11 A proposal for the Company's 2023 audit plan was approved by all the Directors present.

Report 12 A proposal for donating funds to the Cheng Huotien Charity Foundation was approved by all the Directors present.

7. The 5th session of 18th Board meeting-time: December 22, 2022

Report 1 A proposal for using capital surplus to increase capitalization of the Company's offshore holding subsidiary was approved by all the Directors present.

Report 2 A proposal for managers' and employees' salaries for 2023 was approved by all the Directors present.

Report 3 A proposal for the year-end bonus for managers in 2022 was approved by all the Directors present.

Report 4 For the needs of fund utilization, a proposal to apply for commercial paper facilities from relevant financial institutions was approved by all the Directors present.

Report 5 A proposal for applying for a medium-term syndicated loan of NT$3.6 billion from a group of lenders co-organized by the Hua Nan Commercial Bank was approved by all the Directors present.

Report 6 In order to meet the needs of the Company's reinvestment business in Mainland China, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 7 In order to meet the needs of the Company's investment business in Southeast Asia, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 8 A proposal for a new 120-ton biomass boiler at Houli Mill was approved by all the Directors present.

Report 9 A proposal for a new coal storage project for Tayuan Mill, except for Chairperson Jen-Ming Cheng, Vice Chairperson Su-Yun Cheng and Director Ching-Huei Yu who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 10 A proposal to amend some of the provisions of the Company's "Rules of Procedure for Board of Directors' Meetings" was approved by all the Directors present at the meeting and reported to the AGM.

Report 11 A proposal for removing the non-competition clause for the Company's Directors, except for Independent Director Feng-Chih Huang who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 12 A proposal for the Company's 2023 policies and budgets were approved by all the Directors present.

8. The 6th session of 18th Board meeting-time: March 14, 2023

Report 1 The Company's employee bonus allocation for 2022 was approved by all the Directors present at the meeting and reported to the AGM.

Report 2 The Company's 2022 individual financial statements, consolidated financial statements, and business reports were approved by all the Directors present and submitted to the AGM for recognition.

Report 3 As of the end of December 2022, the endorsements/guarantees provided by the Company and their necessity and reasonableness, as well as the amounts of loans given to others, were approved by all the Directors present and reported to the AGM.

Report 4 A proposal for merger and absorption of the Company's offshore holding subsidiary was approved by all the Directors present.

Report 5 A proposal for capital reduction of the Company's offshore holding subsidiary was approved by all the Directors present.

Report 6 Managers' bonuses and year-end bonuses for 2022 were approved by all the Directors present.

Report 7 For the needs of fund utilization, a proposal to apply for the short-term general credit limit from relevant financial institutions was approved by all the Directors present.

Report 8 The proposal for providing a guarantee for the purchase of incinerators under the investment in the third phase of the construction project by Cheng Loong Binh Duong Paper Co., Ltd. was approved by all the Directors present.

Report 9 In order to meet the needs of the Company's reinvestment business in Mainland China, a proposal to provide endorsements/guarantees or letters of comfort to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 10 In order to meet the needs of the Company's investment business in Southeast Asia, a proposal to provide endorsements/guarantees to the affiliated companies that the Company would invest in was approved by all the Directors present.

Report 11 A proposal to formulate the Company's "General Principles for the Pre-approval of Non-assurance Service Policies" was approved by all the Directors present.

Report 12 A proposal to amend the Company's "Rules for Internal Control System of Shareholder Services Units" in accordance with the laws and regulations announced by the competent authority was approved by all the Directors present.

Report 13 The Company's Statement of Internal Control System for 2022 has been completed in accordance with the regulations and was approved by all the Directors present.

Report 14 A proposal to change the CPAs and a resolution on their remuneration was approved by all the Directors present.

Report 15 The assessment of the independence of CPAs was approved by all the Directors present.

Report 16 A proposal for removing the non-competition clause for the Company's directors and managers, except for Director Ching-Biao Chang who did not participate in this case due to a conflict of interest, was approved by all the Directors present.

Report 17 The Company's distribution of earnings for 2022 was approved by all the Directors present and submitted to the AGM for report and recognition.

Report 18 A proposal to set the time, place, and purpose for convening the Company's 2023 AGM was approved by all the Directors present.

L. The content of any resolution of the Board of Directors which received any objections or reserved comments from a director or supervisor that are supported by appropriate records or written statements: None.

M. Resignation and dismissal of Company chairperson, president, chief accounting officer, chief financial officer,chief internal auditor, chief corporate governance officer and chief R&D officer during the current fiscal year and up to the date of publication of the annual report:

Title	Name	Appointment Date	Resignation Date	Reason
Head of Financial Division	Chung-Lin Chou	May 18,1976	August 1,2022	Retirement
Chief corporate governance officer	Chung-Lin Chou	May 18,1976	August 1,2022	Retirement

5. Information of CPA audit fee

Unit: NT$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
KPMG Taiwan	Mei-Pin Wu	January 1,2022 - December 31,2022	5,250	2,522	7,772	
	Hung-Wen Fu	January 1,2022 - December 31,2022				

* Others (Note): The tax compliance audit is NT$1,200 thousand; tax consulting service fee for the country-by-country report and the group master file service is NT$642 thousand; transfer pricing report for related parties is NT$680 thousand.

(I) The audit fee of the year is lesser than that of the previous years after changing a CPA firm: NA.

(II) The audit fee is lesser than that of the previous year by over 10%: NA

6. Information on replacement of CPA

I. Information of former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="5">March 15, 2022</td></tr>
<tr><td>Cause(s) and description of replacement</td><td colspan="5">KPMG internal work adjustment, the financial statements managed by CPAs Mei-Pin Wu and Chi-Lung Yu were transferred to their successors, the CPAs Mei-Pin Wu and Hung-Wen Fu.</td></tr>
<tr><td rowspan="3">Description of the termination or rejection of assignment by the client or a CPA</td><td colspan="3">Party-concerned
Status</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="3">Voluntary termination of assignment</td><td>-</td><td>-</td></tr>
<tr><td colspan="3">No longer accept (continue) the assignment</td><td>V</td><td>-</td></tr>
<tr><td>Issues other than unqualified issues in the audit reports within the past two years</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Any disagreement with the client</td><td rowspan="4">Yes</td><td>-</td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td>-</td><td colspan="3">Scope and process of audit</td></tr>
<tr><td>-</td><td colspan="3">Others</td></tr>
<tr><td>No</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Description: NA</td></tr>
<tr><td>Other items to be disclosed (Items 1-4 to 1-7 of Sub-paragraph 6, Article 10 of this Standard shall be disclosed)</td><td colspan="5">NA</td></tr>
<tr><td>Date of replacement</td><td colspan="5">March 14, 2023</td></tr>
<tr><td>Cause(s) and description of replacement</td><td colspan="5">KPMG internal work adjustment, the financial statements managed by CPAs Mei-Pin Wu and Hung-Wen Fu were transferred to their successors, the CPAs Hung-Wen Fu and Shyh-Gang Horng.</td></tr>
<tr><td rowspan="3">Description of the termination or rejection of assignment by the client or a CPA</td><td colspan="3">Party-concerned
Status</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="3">Voluntary termination of assignment</td><td>-</td><td>-</td></tr>
<tr><td colspan="3">No longer accept (continue) the assignment</td><td>V</td><td>-</td></tr>
<tr><td>Issues other than unqualified issues in the audit reports within the past two years</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Any disagreement with the client</td><td rowspan="4">Yes</td><td>-</td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td>-</td><td colspan="3">Scope and process of audit</td></tr>
<tr><td>-</td><td colspan="3">Others</td></tr>
<tr><td>No</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Description: NA</td></tr>
<tr><td>Other items to be disclosed (Items 1-4 to 1-7 of Sub-paragraph 6, Article 10 of this Standard shall be disclosed)</td><td colspan="5">NA</td></tr>
</table>

II. Information of succeeding CPAs

Name of CPA firm	KPMG Taiwan
Name of CPA	Mei-Pin Wu / Hung-Wen Fu
Date of assignment	March 15,2022
Enquiries and responses regarding the accounting method(s) or accounting principle(s) of specific transactions and the potential opinions expressed in the financial statements before assignment.	None
Written opinions for the items with different opinions of the succeeding CPAs.	None
Name of CPA firm	KPMG Taiwan
Name of CPA	Hung-Wen Fu / Shyh-Gang Horng
Date of assignment	March 14,2023
Enquiries and responses regarding the accounting method(s) or accounting principle(s) of specific transactions and the potential opinions expressed in the financial statements before assignment.	None
Written opinions for the items with different opinions of the succeeding CPAs.	None

III. Reply to Items 1 and 2-3 of Sub-paragraph 6, Article 10, of this Standard from the previous CPAs: NA

7. Corporation's Chairperson, President, Manager in Charge of Finance or Accounting Matters Who Has Held a Position at a Certified Public Accountant Accounting Firm or Other Related Corporation Within the Past Year: None.

8. Transfer or Pledge of Shares by Directors, Managers, and Shareholders with More Than 10% of the Company's Shares

Title	Name	2022		As of April 30, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairperson and CEO	Jen-Ming Cheng	-	-	-	-
Vice Chairperson and Deputy CEO	Su-Yun Cheng		-	-	-
Director	Yen-Hao Chen	-	-	-	-
Director	Shine Far Co., Ltd.	-	-	-	-
Director	Ming Foong Plastic Co., Ltd.	-	-	-	-
Director	Sun Favorite Co., Ltd.	2,611,000	-	1,000,000	-
Independent Director	Yung-Chi Wang	-	-	-	-
Independent Director	Fu-Hsing Chang	-	-	-	-
Independent Director	Feng-Chih Huang	-	-	-	-
President	Ching-Biao Chang	-	-	-	-
Vice President	Ching-Huei Yu	-	-	-	-
Head of Containerboard Division	Mu-Hsiang Peng	-	-	-	-
Head of Corrugated Container Division	Tseng-Fu Hou	-	-	-	-
Head of Household Products & Paperboard Division	Yi-Chin Chen	-	-	-	-
Head of Auditing Division	Feng-Chih Yeh	-	-	-	-
Head of R&D Division	Tsun-Hui Chuang	-	-	-	-
Head of Administration Division	Hsiang-Chu Lin	-	-	-	-
Head of Financial Division	Kun-Ming Yang	-	-	-	-
Head of Accounting Division	Tai-Lang Ho	-	-	-	-
Head of Management Information Division	Chen-Kuang Liu	-	-	-	-
Chief corporate governance officer	Kun-Ming Yang				
Chief information security officer	Chen-Kuang Liu	-	-	-	-

Stock Trade with Related Party: None

Stock Pledge with Related Party: None

9. Relationship Information between Top 10 Shareholders in Terms of the Shareholding Ratio

Name	Current Shareholding		Shareholding by Spouse and Minors		Shareholding by Nominee Arrangement		Titles, Names and Relationships Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Sun Favorite Co.,Ltd.	58,206,078	5.25	Not Applicable	-	-	-	Shine Far	1. Investee accounted for using equity method	-
Rep.: Su-Yun Cheng	11,676,197	1.05	-	-	-	-			
Fubon Life Insurance Co, Ltd.	49,871,000	4.5	Not Applicable	-	-	-	-	-	-
Rep.: Ming-Hsing Tsai	-	-	-	-	-	-			
Shine Far Construction Co.,Ltd.	48,410,997	4.37	Not Applicable	-	-	-	Wen Gin Development Jen Yun Shine Far	1. Director 2. The same Chairperson 1. The same Chairperson 1. The Chairperson and President of Shine Far is also the Chairperson of Shine Far Construction	-
Rep.: Chen-Loong Cheng	11,416,627	1.03	6,814,569	0.61	-	-			
Wen Gin Development Co., Ltd.	45,611,491	4.12	Not Applicable	-	-	-	Shine Far Construction	1. The same Chairperson 2. Wen Gin Development is the director of Shine Far Construction	-
Rep.: Chen-Loong Cheng	11,416,627	1.03	6,814,569	0.61	-	-	Jen Yun Shine Far	1. The same Chairperson 1. The Chairperson and President of Shine Far is also the Chairperson of Wen Gin Development	
Jen Yun Co., Ltd.	45,154,893	4.07	Not Applicable	-	-	-	Shine Far Construction Wen Gin Development Shine Far	1. The same Chairperson 1. The same Chairperson 1. Investee accounted for using equity method 2. The Chairperson and President of Shine Far is also the Chairperson of Jen Yun	-
Rep.: Chen-Loong Cheng	11,416,627	1.03	6,814,569	0.61	-	-			
CLC Employee Welfare Committee	34,454,885	3.11	Not Applicable	-	-	-	-	-	-
Chairperson Chun-Ho Lee	48,426	-	-	-	-	-			
Shan-Loong Investment Co., Ltd.	31,818,680	2.87	Not Applicable	-	-	-	-	-	-
Rep.: Jen- Hong Cheng	883,281	0.08	2,036,958	0.18	-	-			

Name	Current Shareholding		Shareholding by Spouse and Minors		Shareholding by Nominee Arrangement		Titles, Names and Relationships Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shine Far Co., Ltd.	27,236,182	2.46	Not Applicable	-	-	-	Sun Favorite Shine Far Construction Wen Gin Development Jen Yun	1. Investee accounted for using equity method 1. The Chairperson of Shine Far Construction is also the Chairperson and President of Shine Far 1. The Chairperson of Wen Gin Development is also the Chairperson and President of Shine Far 1. Investee accounted for using equity method 2. The Chairperson of Jen Yun is also the Chairperson and President of Shine Far	-
Rep.: Chen-Loong Cheng	11,416,627	1.03	6,814,569	0.61	-	-			
CLC employee stock ownership trust in CTBC Bank	25,049,057	2.26	Not Applicable	-	-	-	-	-	-
CLC employee stock ownership trust in Taipei Fubon Commercial Bank	22,640,550	2.04	Not Applicable	-	-	-	-	-	-

10. Consolidated Shareholding Ratio

December 31, 2022

Subsidiaries (Note 1)	CLC		Directors, Supervisors, Managers, and Direct/ Indirect Affiliates		Total Ownership	
	Shares	%	Shares	%	Shares	%
Omis International Holdings Ltd.	13,585,801	100.00	0	0.00	13,585,801	100.00
Cheng Loong Southeast Asia Holding Co.,Ltd.	341,620,000	100.00	0	0.00	341,620,000	100.00
Vina Tawana Container Co.,Ltd.	(Note 2)	100.00	0	0.00	(Note 2)	100.00
Gemtech Optoelectronic Corp.	11,167,000	59.13	587,000	3.10	11,754,000	62.23
Cheng Loong Investment Co., Ltd.	4,500,000	34.62	1,800,000	13.84	6,300,000	48.46
Shin Loong Lifecare Corp.	2,700,000	45.00	1,150,000	19.17	3,850,000	64.17
Ta-Yuan Cogen Co., Ltd.	50,201,180	41.06	402,340	0.33	50,603,520	41.39
Tzeng Long USA., Inc.	392,603	34.03	103,567	8.97	496,170	43.00

Note 1: Long-term investments accounted for using equity method.
Note 2: Limited liability company.

Capital Overview

1. Status of Capital and Shares, Corporate Bonds, Preferred Stocks, Overseas Depository Receipts, Employee Stock Warrants, Restricted Employee Shares, Mergers and Acquisitions, or Assignment of Shares of Other Companies to Issue New Shares

(1) Source of Capital

Unit: NT$1,000; 1,000 shares

Year Month	Par Value	Authorized Capital		Paid-in Capital Stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Others
2022.12 2023.04	10	1,500,000	15,000,000	1,108,275	11,082,745	-	-	-

Unit: 1,000 shares

Shareholding type	Authorized share capital			Remarks
	Outstanding shares	Un-issued shares	Total	
Common stock	1,108,275	391,725	1,500,000	Listed stocks

Shelf Registration: None.

(2) The Structure of Shareholders

April 11, 2023

Item / Volume	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	6	49	427	285,773	234	286,489
Shareholding (shares)	2,180	126,652,161	380,229,781	505,988,772	95,401,628	1,108,274,522
Holding Percentage (%)	0.00%	11.43%	34.31%	45.65%	8.61%	100%

(3) Status of Shareholding Distributed

A. Common Shares

April 11, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	216,599	14,589,073	1.32%
1,000 ~ 5,000	56,746	104,657,769	9.44%
5,001 ~ 10,000	6,672	49,197,387	4.44%
10,001 ~ 15,000	2,341	28,845,927	2.60%
15,001 ~ 20,000	1,070	19,255,176	1.74%
20,001 ~ 30,000	1,039	25,800,472	2.33%
30,001 ~ 40,000	487	16,981,163	1.53%
40,001 ~ 50,000	312	14,278,272	1.29%
50,001 ~ 100,000	658	45,955,989	4.15%
100,001 ~ 200,000	309	42,802,626	3.86%
200,001 ~ 400,000	115	32,367,400	2.92%
400,001 ~ 600,000	35	16,906,365	1.52%
600,001 ~ 800,000	16	10,765,762	0.97%
800,001 ~ 1,000,000	15	13,622,459	1.23%
Over 1,000,001	75	672,248,682	60.66%
Total	286,489	1,108,274,522	100%

B. Preferred Shares: None.

(4) List of Major Shareholders

April 11, 2023

Shares / Names of major shareholders	Shareholding	Shareholding ratio
Sun Favorite Co., Ltd.	58,206,078	5.25%
Fubon Life Insurance Co, Ltd.	49,871,000	4.50%
Shine Far Construction Co., Ltd.	48,410,997	4.37%
Wen Gin Development Co., Ltd.	45,611,491	4.12%
Jen Yun Co., Ltd.	45,154,893	4.07%
CLC Employee Welfare Committee	34,454,885	3.11%
Shan-Loong Investment Co., Ltd.	31,818,680	2.87%
Shine Far Co., Ltd.	27,236,182	2.46%
CLC employee stock ownership trust in CTBC Bank	25,049,057	2.26%
CLC employee stock ownership trust in Taipei Fubon Commercial Bank	22,640,550	2.04%

(5) Share prices, net value, earnings, dividends, and other relevant information for the last two years

Item \ Fiscal Year			2021	2022	As of March 31, 2023
Market value per share (Note 1)	Highest		51.50	36.65	29.30
	Lowest		28.20	25.10	27.15
	Average		40.33	30.91	28.39
Net Value per share (Note 2)	Before distribution		24.59	25.57	(Note 9)
	After distribution		-	-	-
EPS (Earning Per Share)	Weighted Average Shares (thousand shares)		1,108,275	1,108,275	1,108,275
	Earnings Per Share Undiluted (Note 3)		3.58	2.27	(Note 9)
	Earnings Per Share Diluted (Note 3)		-	-	-
Dividend per share	Cash Dividend (Note4)		1.9	1.1	-
	Stock Dividend	-	-	-	-
		-	-	-	-
	Accumulated Undistributed Dividends (Note 5)		-	-	-
Analysis on ROI (Return on Investment)	Price / Earning Ratio (Note 6)		10.42	13.18	(Note 9)
	Price / Dividend Ratio (Note 7)		19.63	27.19	-
	Cash Dividend Yield Rate (Note 8)		5.09%	3.68%	-

Note 1: The figures of common shares show the highest and the lowest market price for each year, calculated for the average annual market value for the trading value of each year and the trading volume.

Note 2: Please use the number of share outstanding by the end of the year and filled out by the distribution of the resolutions made by the Shareholders' meeting the second year.

Note 3: If there are any bonus shares or other situation, and the tracking adjustment is required, each EPS shall be listed before and after adjustment.

Note 4: The distribution of earnings for year 2022 has not yet been adopted by the 2023 shareholders' meeting

Note 5: Conditions to issuance of equity securities, if there is any regulation for annual earnings issuers shall accumulate the current year's undistributed dividend, as of the current year's accumulated undistributed dividend shall be disclosed separately.

Note 6: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 7: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 8: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 9: As of the date of publication of the annual report, it has not been verified by CPA.

(6) Dividend Policy and Implementation Status

The industry environment where we do business is in the stage of growing gently. Thus, in order to sustain and develop our business steadily, our dividend policy is that, on the basis of distributable earnings of the current year, an appropriate amount is reserved for the needs of operation, and then after taking into consideration the needs for capital expenditures and financial planning, we retain partial earnings for the needs of funding, after which more than 50% of the remaining earnings is to be distributed as cash dividends and the remainder is to be distributed as stock dividends, provided, however, that the cash dividends will be accumulated for distribution next year in case their amount per share is less than NT$0.1.

For 2022, we propose to distribute cash dividends at the amount of NT$ 1.1 per share.

2021 earnings to be actually distributed in 2022 were as follows: NT$90,000 thousand was distributed to our employees as compensation in cash, and NT$2,105,722 thousand was distributed to our shareholders as cash dividends on July 29, 2022.

(7) The impact of stock dividends distribution proposed in this shareholders' meeting toward the company's business performance and EPS:

Not Applicable.

(8) Compensation for employees and directors

(I) Percentage or range of rewards for employees and directors specified in the Articles of Incorporation of this Company.

According to Article 24 of the Company's Articles of Incorporation, If the Company posts a profit before taxes in a particular year prior to deduction of employee compensation, the Company shall distribute no less than one percent of its profit as employee compensation. However, if the Company still posts a cumulative loss, its profit shall first be used to make up the loss.

Employee compensation may be distributed in the form of shares or cash. Counterparty shall include employees of controlling or subordinate companies who meet certain criteria.

The method and ratio of employee compensation distribution shall be adopted by more than a half of attending directors in a Board of Directors' meeting attended by at least two-thirds of the directors, and shall be reported to the shareholders' meeting.

Where the method for distributing employee compensation in the form of shares is adopted by the Board of Directors as mentioned in the preceding paragraph, resolution may be adopted to issue new shares or buy back the Company's own shares in the same meeting.

(II) The basis for estimating the amount of rewards for employees and directors; the basis for calculating the number of shares distributed as the reward for employees; and the accounting treatment of the difference between the actual and estimated amount of distribution:

1. Accounting treatment of the difference between the basis for estimating the reward for employees and the estimated amount of the year: The reward for employees is estimated based on the profit before tax of the year deducting the amount of the reward for employees and multiplying the percentage of reward distributed to employees as specified in the Articles of Incorporation. However, when the amount of distribution approved by BOD is different from the estimated amount, this difference will be considered as changes in accounting estimates and recognized as the profit/loss of the year of actual distribution.
2. The basis for estimating the reward for directors and the basis for calculating the stock dividend for directors: NA.

(III) Approval of reward distribution by BOD

1. The reward for employees and directors will be distributed in cash or in dividend. Should there be difference from the estimated amount recognized in the year, disclose the amount, cause(s), and treatment of the difference.

   Information regarding the distribution of reward for employees and directors in 2022 approved by BOD:

   Reward for employees: Cash NT$90,000 thousand; reward for directors: NA.

   There is no difference between the amount of reward for employees and directors approved by BOD and the estimated amount in the expense recognized of the year.
2. The proportion of the amount of rewards for employees distributed in stock in the net profit after tax this year and in the total amount of rewards for employees: NA.

(IV) Actual rewards distributed to employees and directors in the previous year:

In 2021, the amount of rewards for employees and directors approved by BOD was the same as the estimated amount. The reward was distributed on July 29, 2022, and related information is as follows:

Reward for employees: Cash NT$90,000 thousand; reward for directors: NA.

(9) Buyback of Treasury Stock: None.

(10) Status of Corporate Bonds: None.

(11) Status of Preferred Shares: None.

(12) Status of Overseas Depository Receipts: None.

(13) Status of Employee Stock Warrants: None.

(14) Status of Restricted Employee Shares: None.

(15) Status of Mergers and Acquisitions, or Assignment of Shares of Other Companies to Issue New Shares: None.

2. Implementation of Capital Application of Funds: None.

Business Operations Overview

1. Business Activities

(1) Scope of business

A. Business items

1. C601010 Manufacture of Pulp
2. C601020 Paper Manufacturing (accounting for 33.36% of the 2023 revenue)
3. C601030 Paper Containers Manufacturing (accounting for 55.67% of the 2023 revenue)
4. C601040 Processed Paper Manufacturing
5. C601050 Manufacture of Domestic and Sanitary Paper Products (accounting for 9.60% of the 2023 revenue)
6. C702010 Plate Making Industry
7. D101050 Combined Heat and Power
8. E603050 Automatic Control Equipment Engineering
9. E701040 Simple Telecommunications Equipment Installation
10. F111090 Wholesale of Building Materials
11. F113010 Wholesale of Machinery
12. F113020 Wholesale of Electrical Appliances
13. F113050 Wholesale of Computers and Clerical Machinery Equipment
14. F113100 Wholesale of Pollution Controlling Equipments
15. F113110 Wholesale of Batteries
16. F118010 Wholesale of Computer Software
17. F301020 Supermarkets
18. G202010 Parking area Operators
19. H701010 Housing and Building Development and Rental
20. I301010 Information Software Services
21. I401010 General Advertisement Services
22. I501010 Product Designing
23. IF04010 Non-destructive Testing
24. J101030 Waste Disposing
25. J101040 Waste Treatment
26. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry
27. F108031 Wholesale of Medical Devices
28. F208031 Retail Sale of Medical Apparatus
29. F107080 Wholesale of Environmental Agents
30. F207080 Retail Sale of Environmental Agents
31. J101020 Pest Control
32. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

B. Major product lineups

Paperboard:	Containerboard - linerboard, coated duplex board, corrugating medium, white top linerboard, and coreboard, etc.
Corrugated container:	Corrugated board, corrugated container, display container, waterproof container, and paper pallet, etc.
(P/W and Tissue)Paper:	Household products - tissue paper, facial tissue, paper towels, paper hand towels, diapers, and cleaning products, etc. Office paper products - credit card receipts, 2-copy and 3-copy receipts, computer forms, paper voucher, paper invoice, medication bags, labels/tags and flexible packaging, etc.

(2) Industry overview

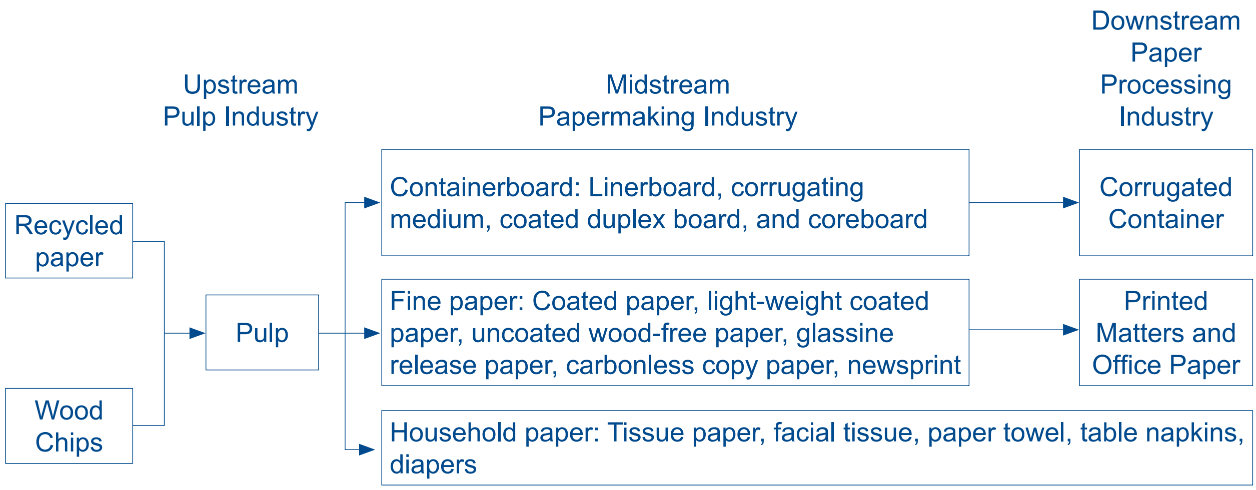
(I) Status and future development

The paper industry in industrialized countries across the world has matured following economic development. As developing countries in Asia bring the main growth of the paper industry, paper manufacturers have been adjusting their business strategies due to the challenges from the slowing economic growth of China, changing environmental policies, regional economic integration, and global competitions. While the paper industry is a major basic industry closely interrelated to economic development, market potential is still out there in many developing countries. In addition, the paper packaging industry will steadily develop constantly, given the heat development of the global trade and e-commerce.

In response to the increasingly fierce competitions in the market and the rapid changes in the macro environment, the industry has accelerated its growth momentum and improved its business performance in recent years. It has done so by optimizing its product portfolio, improving its operating model, focusing on environmental sustainability issues, and actively expanding its global presence in overseas markets. Apart from implementing e-business and developing integrated services, we have committed to reduce cost and enhance production and resources utilization rate to improve competitive strengths. In recent years, apart from reducing GHG emissions through aggressive energy conservation and carbon reduction, we have devoted to resource recycling, biomass energy utilization, and green product development, in order to demonstrate that the paper industry is an eco-friendly green industry that fulfills CSR. From now on, the paper industry will make efforts to maintain environmental protection, conserve energy, reduce emissions, and cherish resources, in order to pursue sustainable development.

(II) Industry chain relationship

All sections of the paper industry have been well developed as diagrammed below.



(III) Product development trends and competitions

To raise market share and profit in the steadily growing paper market, manufacturers have actively adjusted their production-marketing strategies, embarked on lean management and accelerated global deployment, in order to expand the scale of operations.

In containerboard, the domestic paper industry has been affected by global inflation caused by the Russo-Ukrainian War, other geopolitical economic and trade confrontations, and interest rate hikes by major economies such as the U.S. aimed at maintaining monetary deflation. Coupled with the high costs of raw materials, energy, transportation, and labor, the imbalance between supply and demand has led to weak demand in Taiwan's paper market, and the industry generally underperformed in 2022. Although the industry players are conservative and maintain a wait-and-see attitude, overall operations are rather stable. However, uncertainty in the Chinese market is increasing, and various industries are shifting their production bases to Southeast Asia or South Asia; thus, the demand prospect for packaging is promising. In corrugated container, apart from focusing on green package design innovation, we have imported automation equipment to develop differentiated niche products, enhance added value, and meet customer needs to actively expand into overseas markets with a strategy of providing comprehensive packaging solutions for both domestic and overseas markets. In fine paper, in face of the progressive increase in imported paper, the increasing popularity of smart mobile devices, People's access to information is more convenient and timely, so the consumption of paper is gradually reduced, prompting the industry to transform or optimize the contents of products. In household paper, as a result of the COVID-19 pandemic, domestic consumers have become more aware of hygiene, health, and environmental protection, resulting in a high potential for the development of household paper and cleaning products and an increasing acceptance of environmentally friendly recycled household paper. Therefore, the Company will continue to develop products that can improve customer satisfaction in response to competition from foreign manufacturers and the trend of circular economy, actively promoting environmentally friendly recycled household paper products, stabilizing reasonable prices in the market, strengthening brand promotion, and improving channel management.

(3) Technology and RD

In order to strengthen management, pursue industry benchmarks and profits, and expand overseas development, the R&D Division not only strengthens R&D innovation, but also upholds the spirit of proactiveness and motivation. The R&D team carries out relevant process planning and improvement; accelerates the introduction of high-efficiency, renewable energy, and energy-saving equipment; and improves old processes and products in order to enhance the Company's competitiveness. The total RD expenditure in 2022 and in Q1 2023 was NT$ 119,242 thousand and NT$ 31,797 thousand.

To strengthen the competitiveness of the existing plants, Cheng Loong's expansion, renovation, and technology research and development programs at home and abroad in 2022 are as follows:

a. Tayuan Mill's biogas power generation project, SRF recycled fuel process optimization and renovation project, Plant C development project (UBC regenerated pulp board), paper machine wire part high-efficiency turbo blower project, paper machine horizontal basis weight automatic control system, steam and energy conservation renovation system project, smart manufacturing project, high-efficiency water jet rolling direction change project, raw paper storage and transportation machinery arm labeling project, plant-wide carbon neutral improvement plan, Tayuan Mill carbon neutral improvement plan, and water press of paper machine performance enhancement modification project. Hsinchu Mill's new SCR equipment for boilers, new denitrification system to comply with air pollution regulations and emission standards; slag removal machine replacement project (completed and inspection done); Chupei Mill's NB shared pipe carrier project to connect the pipelines to the Chupei Mill smoothly. For the 6,000-tonnes drainage water recycling project, with the addition of back-end water supply pumps and piping to replace clear water, the amount of clear water used throughout the plant has been reduced. For the No. 1 wastewater mixing pond pump replacement project, the equipment installation and NB piping project is expected to be completed in the first half of 2023, and in line with pressure testing and blowing, the coking of the boiler body of the NB project has been completed and the utility system commissioned, while the installation of machinery including boiler ancillary equipment, piping, and environmental protection islands has been completed, with defects eliminated. The TM15 rewinder has added a third raw paper rack (including the replacement of the main drive system) to support the production of three-ply eco-friendly paper types and a plan has been set down to order SRF processing equipment; the residue in the plant is currently transported externally, and the equipment will be activated after the operation of the biomass cogeneration system at

Chupei Mill, and residue, which used to be transported externally, can be made into SRF for use as fuel through the processing equipment; the employee dormitory renovation project has been initiated to improve the quality of employee housing; the TM11 paper machine pulp supply tank reconstruction project will restore the original functions of the brick-made machine No. 17; a new two-fold kitchen paper processing line will be added to meet the needs of the Household Products and Paperboard Division. Houli Mill sees the implementation of the upgrade and replacement of the main drive systems of PM5 and MCS, the implementation of the automatic labeling of the storage and transportation of PM7 and quick tool change of the blade adapter for the rewinders, the QCS upgrade and A4 crane replacement of the winder section of PM9, the improvement of the cleanliness of the pulp preparation of PM10 and the addition of a conveyor belt to the automatic warehouse, the improvement of the vacuum energy saving of the wire part of PM10, the construction of solar power facilities, the replacement of the anion resin tower of the No. 2 combined heat and power system, and the upgrade of the DCS operation station of the 45T/H boiler of the No. 3 combined heat and power system. In Vietnam, Phase III pre-planning has 1/500 architectural planning data, master plan revision submission for review and preliminary design submission for revision of drawings. Pile position construction drawing design has been released. The paper machine, pulp preparation system equipment, combined heat and power system equipment, raw paper automatic warehouse, and slag furnace orders have been placed; overseas, the second-phase construction and the preliminary design planning of the third-phase of Cheng Loong Binh Duong Paper Co., Ltd. and the construction project of Ben Cat Plant and Bac Giang Plant.

b. The Chemical Research Center assisted in: (1) the introduction of new cost-effective raw materials, mainly new retention aids, starch dry strength agents, direct dyes, starch auxiliaries, defoaming agents, and aluminum sulfate, saving up to NT$13.02 million per year. (2) Process improvements, mainly the adaptation of the chemical addition to the Houli wastewater plant, process and quality improvements to BM2 core including the use of microsizing treatment, and odor control for the white water system. The savings in production costs amounted to NT$20.58 million per year. (3) Completed development of new products, including Andante Bath Soap Gift Box Set, boxed tissues containing facial cream, Dandelion eco-friendly household cleaners, Lover Toilet Tissues (three-ply), Andante Sillace Three-Ply Toilet Tissues, BM8 CP700 high-quality paper tubes, cardboard boxes for keeping food fresh, etc. (4) Ongoing development of adult diapers, Andante cleansing mousse, paper packaging for household paper products, paper bag paper development, agricultural mulch paper, etc. (5) Other industry-academia cooperation projects with the School of Circular Economy of National Chung Hsing University (including the development of biomaterials activity and antibacterial coating for freshness), functional cardboard boxes (high level of waterproofness and freshness retention), and BM9 coating and dyeing technology are in the progress of patent application.

c. The Packaging Design Section, in response to the ESG trend and the green policy of plastic reduction, cooperated with the Container Box Division to carry out design proposals such as all-paper cushion packaging and packaging reuse, maintained packaging technology exchanges and services with customers, and effectively obtaining domestic and overseas orders (Brand's, HannStar Display, ASUS, Compal, etc.). In addition, the Section continues to provide creative paper art designs to beautify the environment of the Headquarters and plants at home and abroad, showing both environmental protection and the Company's own design power.

The Creative Design Section assisted the Household Product Marketing and Planning Department in developing the packaging design of new products, including Hello Kitty Three-Ply Toilet Tissues, Lover Three-Ply Toilet Tissues, Andante Cat Toilet Tissues, Andante Two- and Three-Ply Printed Kitchen Towels, Fumeancats Mini Tissue Packs, Andante Sillace Three-Ply Thick & Premium Silky Soft Toilet Tissues, and Andante Gentle & Creamy Tissue Packs. Tissue with co-friendly packaging design includes Pure Generation Eco-friendly Paper Towel and Toilet Roll. For co-branded products, packaging design work includes Dandelion Watson's Toilet Tissues, Rakuten Toilet Tissues, and Lover The Butters Mini Tissue Packs, all of which are already in mass production and on the market. Packaging design for household products includes Dandelion Eco-friendly Laundry Detergent and Enzymatic Dishwashing Liquid; Eco-friendly Hand Wash; Eco-friendly Bathroom, Toilet, and Kitchen Cleaners; and Eco-friendly All-purpose Detergent. Packaging design for Andante Hair & Shower Cleaning Products includes Jin Xuan Anti Oil & Anti Dandruff Shampoo, Jin Xuan Moisturizing and Relaxing Shampoo, Snow Mushroom Refreshing Shower Lotion, Snow Mushroom Soothing Shower Gel, and Jin Xuan Nourishing & Damaged Hair Conditioner, as well as Andante Dachun Soap Co-branded Skincare Traditional Chinese Medicine Bath Soap Gift Boxes, all of which are now on the market. For the household paper market in Vietnam, packaging design for the Xuân Phong (Andante) series includes small toilet rolls, paper napkins, soft-pack tissue packs, and boxed tissues, all of which are in the procress of being mass-produced. Paper container sales and development includes commissioned design of Brand's Reuse Transforming Box, cardboard boxes for transportation of products, Cheng Loong fruit box template for Treasure Island Nectar Pears, and cardboard boxes for oral rinse mouthwash from SeeYou Biotechnology, all of which have been mass-produced and are on the market. Paper Studio's new development of paper cultural and creative product designs includes paper lampwork design and scratchboard product design. In addition, in 2022, the Paper Library completed four paper art layout designs and the main visual logo design for the library, custom-made paper products, and produced a DIY experience for visitors.

In the future, the R&D Division will assist the Group in introducing new processes and equipment in a timely manner, increasing production capacity, and enhancing competitiveness while also assisting in building plants and developing new products to expand market share at home and abroad. Domestic and international expansion projects, renovation projects, and technology development include:

a. Tayuan Mill paper machine wet-part high-efficiency turbo blower project, paper machine horizontal basis weight automatic control system, smart manufacturing project, high-efficiency water jet rolling direction change project, plant-wide carbon neutral improvement project (energy transition), paper machine water press performance enhancement modification project, incinerator resource treatment transition center project, boiler ash aggregate land reclamation experiment project, organic anaerobic biogas green energy planning project, solar power generation project, and biogas power generation planning in Plant C.

b. NB Environmental Friendly Island Construction Project is expected to be completed in April 2023, with the completion of the boiler gas supply operation, cooling water tower, air compressor, chemical water, and loading system equipment installation expected to be completed in 2023 in line with the NB operation test, secondary biological system expansion (having reached 2.2kgBOD/M3 in June 2022, it will not be able to cope with future operation of combined heat and power and the possible approx. 4,000-tonne increase in discharge capacity of the new paper machine), as well as the replacement of filter material for the biotrickling filter of secondary biological system. The NB project is expected to start chemical descaling of boilers on January 30, 2023, with the goal of starting the coal feeding and gas supply at the end of May 2023, in coordination with the launch of the compliance plan of the Chupei Mill. Cheng Loong Corporation is set to start the relocation of cardboard finishing and processing equipment and plan the plant design based on the 2023 design and investment project. Also, the project has assisted in the retirement of DIP system-related equipment at the plants. The planning and renovation of the employee dormitory is scheduled to be completed by the end of December 2023. The project has also assisted the Home Products and Paperboard Division in the detailed planning of the TM17 installation and assisted the Division in the implementation of the change of the urban planning project for the expansion plan of the old Yenchao Plan.

c. At Houli Mill, projects include a new water needle rewinding for BM7, the upgrading and replacing of the electric control box of machine storage and transportation system and PLC for BM8, renovating the water pressure part of BM9, building a new water needle rewinding and automatic paper cutting tube for BM10, upgrading VALMET DCS operation station and a new anaerobic treatment system for wastewater for BM10, replacing 65T/H & 30T/H boilers with 120T/H biomass boilers for the No. 1 combined heat and power system, and upgrading DCS operation station for the No. 2 combined heat and power system. The Taichung Qingshui Mill construction project, the Tayuan Mill corrugator dry-end system replacement, the Yenchao Plant nine-foot printing and pasting machine project; the Tayuan Mill corrugator dry-end system replacement. As for overseas projects, there are Cheng Loong Binh Duong Paper Co., Ltd.'s installation and commissioning of BM22 paper machine and No. 2 combined heat and power system; Cheng Loong Binh Duong Paper Co., Ltd.'s third-phase plant construction project; Ben Cat Plant and Bac Giang Plant construction projects.

Cheng Loong Group is committed to the development of Taiwan's production capacity and increase of the market share, process improvement, energy saving, and carbon reduction, as well as smart paper manufacturing and net-zero carbon emissions. The Group has completed its planning of a carbon emissions reduction pathway and continues to improve energy efficiency and propose energy-saving solutions, building renewable energy sources such as wind power, solar power, biogas power, and low-carbon fuels such as biomass fuels, SRF boilers, and natural gas boilers, and is also planning to introduce innovative technologies for clean energy such as energy storage equipment, ammonia, hydrogen, and negative carbon to achieve net-zero emissions by 2050.Respond to climate change, integrate resources, enhance circular economy and energy, recycle resources, and create a model of green economy. The RD team should demonstrate the organizational strengths and integrate efficiency to increase the value of innovation, practice ESH, fulfill corporate citizenship responsibilities, and pursue group-wide sustainable development.

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

(I) Short-term

1. Continue digital transformation, strengthen smart production and sales, and improve the overall efficiency of the Group's operation.
2. Pay attention to market trends, ensure high-quality sources of materials both domestically and internationally, and develop low-carbon green supply chain systems.
3. Optimize inventory, lighten assets, strengthen cost management, and strictly control capital expenditure.
4. Radiate creative energy, develop niche products, and emphasize brand marketing to enhance the Company's corporate and industry image.
5. Focus on overseas development, cultivate experts in multiple functions, enhance growth momentum, and expand operating territories
6. Deploy fully circular economy, promote low-carbon smart paper, develop green operations, and implement ESG sustainable development.
7. Strengthen enterprise risk management, develop awareness of information security, and ensure normal operation of the company.

(II) Long-term

1. Constantly expanding markets at home and abroad and building a well-planned international logistics system: Through aggressive global deployment, we have set up

corrugated containers and papermaking locations in China and Southeast Asia, including Eastern China, Southern China; Dong Nai, Binh Duong, Long An, and Bac Giang provinces in Vietnam. Taiwan: The biogas power generation system (19 million kWh generated per year) at Tayuan Mill was commissioned in the fourth quarter of 2022. There is also a recycled bleached pulp line (66,000 tons of production per year), which meets the raw material demands of white top linerboard and recycled tissue paper production. In addition, the largest high-efficiency biomass boiler in Taiwan (126 million kWh generated per year) will be commissioned in the first half of 2023 at Chupei Mill, making the Company more cost-competitive in the Taiwanese market and enhancing the corporate sustainability image of recycling green energy, low-carbon production, and emission reduction. China : Continue to refine manufacturing equipment in each plant and exert integration benefits to maintain competitiveness. Vietnam: The second-phase containerboard production line of Cheng Loong Binh Duong Paper Co., Ltd. (BM22 with an annual production capacity of 400,000 tons and a total production capacity will reach 700,000 tons in Vietnam) will be in operation in the first half of 2023, while the third-phase containerboard production line is under active planning. Bac Giang Plant and the Ben Cat Plant, which have an annual capacity of 120 million square meters each, will also be commissioned in the first half of 2023.

2. Acceleration of digital transformation, strengthening of information integration, and innovation of soft power culture: Through enterprise resources planning (ERP), we will implement the eSMART sales mobilization service through the benefit of real-time integration of the Group’s information, we promote intelligent digital management of production and sales, and adopt optimized systems, including smart manufacturing, sales CRM, interactive smart business visualization analysis Power BI, and other optimization systems, to improve the operational efficiency and quality of decision-making, in order to demonstrate the group synergy. In addition, we encourage the formation and inheritance of innovative culture and action through concept, environment, management, service and product to prepare for CLC’s future growth.
3. Fulfilling CSR and pursuing sustainable development: Cheng Loong has listed the circular economy as one of the Company’s focal points in development, and in line with the national vision for zero emissions, the Company actively plans emission reduction projects to gradually achieve carbon reduction targets. In addition to assessing the financial impact of climate change, Cheng Loong has also executed relevant projects to implement manufacturing processes, and promoted low-carbon sustainable products to implement corporate ESG practices. Meanwhile, it will continue to actively participate in charitable activities, care for the society, and strive to cultivate talents, while attaching importance to industrial symbiosis, implementing environmental protection, achieving technological innovations, promoting waste recycling, and pursuing sustainable business operations.

2. Markets and the Overview of Production and Sales

I. Market analysis

(I) Overview of the paper industry and the overall economy

The global economy was expected to continue to recover in 2022, but since the outbreak of the Russo-Ukrainian War in the first quarter, growth performance has seen a downward revision. Not only have raw materials and energy prices risen sharply around the world, China also adopted strict lockdown measures in the second quarter due to the outbreak of COVID-19 in coastal provinces and cities, which has dealt a severe blow to the global supply chain. Major economies of the West raised interest rates one after another to curb inflation, and bond purchases have been reduced since the second half of 2022. Thus, the global financial markets have seen intensified volatility and most non-U.S. dollar currencies have depreciated sharply. This also led to a surge in imported inflation pressure in many countries. In Taiwan, the number of confirmed cases of COVID-19 increased after the second quarter, and the impacts of the Russo-Ukrainian War and China’s strict COVID-19 lockdown have led to sluggish demand in the U.S., European, and Chinese markets, resulting in slower export growth and conservative investment by manufacturers. Fortunately, the impact of the pandemic gradually faded in the second half of the year, and the government has gradually lifted relevant COVID-19 prevention measures, which resulted in better performance of domestic consumption and related industries. This caused the shift of the economic support from sales to other countries to domestic demand, and the overall performance is not too volatile.

In 2022, Taiwan’s paper industry was also affected by global inflation caused by the Russo-Ukrainian War, geopolitical conflicts, and economic and trade confrontations, resulting in higher costs of raw materials, energy, transportation, and labor. The imbalance between supply and demand made the containerboard and corrugated container markets in Taiwan sluggish. However, while the containerboard market had cost pressures reflected in price increases at the beginning of the year, the paper industry as a whole has not yet had the opportunity to respond to the increasing costs. Generally speaking, the market in the first half of the year was not significantly buoyant, and there were no signs of a market boom in the second half of the year. In the third quarter, domestic demand was impacted by the pandemic, while foreign sales were stagnant due to the interference of inflation. In the fourth quarter, which is usually the peak season for the paper industry, there was no “peak” to be found, as a conservative and wait-and-see atmosphere in the paper industry was prevalent. With the future decline in the price of recycled paper and wood pulp and the stabilization of freight rates, the general operations of companies in the paper industry should be able to gradually recover.

(II)Market share: The market supply, demand, and development prospects of Cheng Loong Corporation's main products

◎Overview of production and sales in Taiwan's paper industry:

According to statistics published by the Taiwan Paper Industry Association and the Taiwan Paper Containers Industry Association, the production and sales of Taiwan's paper industry in 2022 are as follows:

Products	Total volume	Compared with 2021	Total sales	Compared with 2021
Paper and paperboard	4.24 million tons	-5.3%	Domestic sales: 2.65 million tons	-12.6%
			Exports: 1.60 million tons	+15.2%
Corrugated container	-	-	2.18 billion square meters	-8.7%

◎The market share of domestic sales of Cheng Loong Corporation's main products:

Products	Market Share	Compared with 2021
Containerboard	About 40%	-0.4%
Corrugated container	About 30%	+0.8%
Household paper	About 20%	+1.5%

(III)The market supply, demand and development prospects of Cheng Loong Corporation's main products

※Containerboard:

◎Sales distributions: The main focus is on the domestic market as well as export markets including China, Japan and Southeast Asia.

◎Growth and competitive niches: The domestic market is stable, but the China market's uncertainties have increased. This has prompted various industries to shift their production bases to Southeast Asia, creating packaging demand prospects that is expected to be promising. In the future, with the increased capacity of Cheng Loong Binh Duong Paper Co., Ltd. in Vietnam, the Company can be based in Vietnam and expand into Southeast Asian markets, with its own quality and cost advantages, advanced technology management, and stable sourcing of upstream materials.

◎Favorable factors: A complete production and sales layout at home and abroad; market advantages of economic scale; and upstream and downstream integration of products.

◎Unfavorable factors: Raw materials such as wood pulp and partial recycled paper can only be obtained through imports, in addition to the tightening of domestic and international environmental regulations, the impact of the COVID-19 pandemic, war, and inflation in recent years have made it difficult to obtain raw materials, resulting in higher costs.

◎Solution: Maintaining the stability of key sources, complying with environmental regulations, optimizing the profit-making structure.

※Corrugated container:

◎Sales distributions: Domestic sales were the focus of CLC Taiwan HQ; China and Vietnam subsidiaries for international companies and local enterprises.

◎Growth and competitive niches: The domestic market has become stable, and the foreign market has been driven by the development prospects of Southeast Asia as well as e-commerce demand. With vertical integration of consistent production, award-winning packaging design capabilities, and integration of global logistics, production, and sales, the Company is able to provide total packaging solutions for domestic and foreign markets.

◎Favorable factors: Professional package design recognized by international companies, stable product and service supply, steady operations, and high-performance and high-quality processing equipment.

◎Unfavorable factors: The domestic market is saturated, and the industrial environment in China's market is unstable.

◎Solution: Strengthening the development of high value-added products, adjusting the profit structure of China's market, and focusing on developing emerging markets such as Southeast Asia.

※Household products:

◎Sales distributions: Focus on the domestic market, also we will cultivate the overseas market. We established a sales office in Vietnam in 2022 to promote the future development of household paper in the Vietnamese market.

◎Growth and competitive niches: Domestic consumers' awareness of health and environmental protection has increased; thus, there is still room for the development of household paper and cleaning products demand. In addition, the acceptance of eco-friendly household paper is also increasing, and the reputations and acceptability of the Company's DANDELION and Pure Generation brands are great, thereby driving recognition of various products of the same brands.

◎Favorable factors: Superior production equipment and technology, excellent and stable quality, higher acceptance of eco-friendly products from customers, and flexible channel marketing strategy.

◎Unfavorable factors: Company competitors have swiftly launched new household paper products, and a trend of shift toward the high-end market has been observed, fierce price competition, impact from low fertility, and competitions from supermarket own-brand products.

◎Solution: Expand individual and household cleaning product lines, continuously promote eco-friendly products and develop differentiated products with high added value.

II. Important applications and production process of major products

Paperboard:

◎Main products: Testliner, coated duplex board, corrugating medium, white top linerboard, and coreboard, etc.
◎Important applications: Manufacture of corrugated container, display container, paper boxes, paper rolls, and paper pallet, etc.
◎Production process: Pulp and recycled paper → pulping → cleaning → refining → mixing → forming → rewinding → finished products.

Corrugated container:

◎Main products: Corrugated board, corrugated container, display container, waterproof container, and paper pallet, etc.
◎Important applications: Packaging for electronics, appliances, foods, chemicals, textiles, fruits, vegetables, and aquatic products for domestic and export sales.
◎Production process: Package design → raw paper → corrugating → corrugated board → printing and cutting → nailing and pasting → corrugated container.

Paper:

◎Main products: Household paper.
◎Important applications:
＊Household paper - tissue paper, facial tissue, paper towels, table napkins, diapers
＊Office paper products -credit card receipts, 2-copy and 3-copy receipts, labels/tags, soft packages and special paper and packaging materials for office applications such as flexible packaging.
◎Production process:
＊Household paper - pulp and recycled paper → pulping → cleaning → refining → mixing → forming → rewinding → cutting → packaging → finished products.
＊Office paper products - raw materials→printing → processing → packaging→finished products.

III. Main ingredient supply

Recycled paper and pulp are the main ingredients of paperboard and paper. For the recycled paper supply, when the dual benefits of environmental protection and cost are considered, we not only fully recycle and use the local recycled paper, but also import some from the USA, Japan, South Korea and Europe. For pulp, as Taiwan does not have much forest resources and in consideration of quality demand, we import pulp from South America, North America and Southeast Asia.

Both recycled paper and pulp are bulk commodities, it is necessary to fully capture the price changes at home and abroad and adjust the procurement strategy and diversify sources according to the production and sales conditions to timely procure recycled paper and pulp in suitable quantities and quality at suitable prices, in order to effectively avoid risks from price fluctuation in the market and to reduce pressure on capital from stocking.

IV. List of clients who purchased and sold at least 10% of total sales in one of last two years and corresponding amounts and percentages

A. Information concerning major suppliers in the last two years: None.

B. Information related to major merchandise customers in the last two years: None.

V. Production Volume and Value for the Past Two Years

Capacity & Volume: Corrugated container—thousand M^2; Paperboard, Paper—T Unit: NT$1,000

Year / Production Volume and Value / Main products	2022			2021		
	Capacity	Volume	Amount	Capacity	Volume	Amount
Paperboard	1,943,781	1,673,613	24,620,529	1,927,293	1,855,040	23,640,731
Corrugated container	1,560,730	1,425,008	18,127,861	1,519,460	1,487,300	17,181,472
Paper	73,944	62,295	2,653,823	70,973	60,218	2,436,121
Total	-	-	45,402,213	-	-	43,258,324

VI. Sales Volume and Value for the Past Two Years

Volume: Corrugated container—thousand M^2; Paperboard, Paper—T Unit: NT$1,000

Year / Sales Volume and Value / Main products	2022				2021			
	Domestic		Export		Domestic		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Paperboard	595,551	10,263,806	270,006	3,982,461	753,889	12,240,634	229,429	3,418,929
Corrugated container	1,158,895	19,696,309	242,916	4,753,818	1,197,975	19,381,141	261,917	4,204,128
Paper	73,043	4,624,725	-	-	70,607	4,377,056	-	-
Others	-	492,277	-	108,332	-	1,289,202	-	75,000
Total	-	35,077,117	-	8,844,611	-	37,288,033	-	7,698,057

3. Employee Information in the Last Two Fiscal Years and up to the Printing Date of this Annual Report

Taiwan

Year		2021	2022	As of April 30, 2023
Number of Employees	Offices	1,364	1,366	1,352
	Technicians	2,400	2,452	2,425
	Total	3,764	3,818	3,777
Average of Age		42.2	42.4	42.4
Average Years of Service		14.1	14.1	14.1
Level of Education (%)	Ph. D.& MS / MA	5.9%	5.8%	5.9%
	College	33.1%	33.8%	34.0%
	Junior Colleges	18.0%	17.4%	17.4%
	High School	35.2%	35.6%	35.5%
	Others	7.7%	7.4%	7.2%

China

Year		2021	2022	As of April 30, 2023
Number of Employees	Offices	254	268	241
	Technicians	882	860	866
	Total	1,136	1,128	1,107
Average of Age		39.1	40.2	40.3
Average Years of Service		6.0	7.3	7.6
Level of Education (%)	Ph. D.& MS / MA	0.0%	0.0%	0.0%
	College	3.1%	5.2%	5.1%
	Junior Colleges	14.1%	12.2%	13.1%
	High School	28.7%	26.2%	25.4%
	Others	54.1%	56.4%	56.4%

Vietnam

Year		2021	2022	As of April 30, 2023
Number of Employees	Offices	481	561	620
	Technicians	1,074	1,287	1,366
	Total	1,555	1,848	1,986
Average of Age		30.7	31.7	31.1
Average Years of Service		4.0	4.2	4.3
Level of Education (%)	Ph. D.& MS / MA	0.3%	0.4%	0.3%
	College	15.3%	18.0%	18.4%
	Junior Colleges	18.1%	17.0%	18.1%
	High School	33.2%	36.3%	36.0%
	Others	33.1%	28.3%	27.2%

4. Environmental Protection Expenditures

I. Losses and fines due to pollution in recent years

In 2022 and at the time of publication report, we were fined NT$ 100,000 and NT$ 0, respectively, for violating environmental regulations, including the Air Pollution Control Act and the Waste Disposal Act. In our overseas investments, we were fined CN¥ 80,000 and CN¥ 0, respectively, in China and were not fined in Vietnam for violating any environmental regulations. Details of losses arising from environmental pollution are set out below:

Date of disciplinary measure	Official letter number of disciplinary measure (Decision No.)	Violation of regulatioAns	Content of regulations violated	Content of disciplinary measure (penalty amount)
May 14, 2022	20-111-050022	Subparagraph 1, Paragraph 1, Article 14 of the Regulations for the Management of Continuous Automatic Monitoring Facilities for Air Pollutants from Fixed Pollution Sources as well as Paragraph 2, Article 23 of the Air Pollution Control Act	For the stationary source “Waste incineration process (including general waste and business waste)–Waste incineration process (M02),” zero-point offset and full-amplitude offset tests shall be conducted once a day and after performing maintenance operations of monitoring facilities. On October 7, 2021, the daily calibration data in the CEMS management platform revealed that no opacity calibration was performed, and then, on December 10, 2021, an on-site check of the calibration daily report confirmed that no opacity calibration was performed on that day due to an abnormality in the DAHS software, and the calibration trigger time was missed.	NT$100,000
April 22, 2022	Su-Huan-Xing-Kao-Zhi (2022) No. 9	Article 108 of the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China	Failed to turn on VOCs pollution control facilities as required.	CN¥36,000
June 28, 2022	Su-Huan-Xing-Kao-Zhi (2022) 05 No. 077	Article 45 and 108 of the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China	Failed to turn on VOCs pollution control facilities as required.	CN¥44,000

II. Solutions

(I) Improvement plan

In response to the increasingly stringent environmental regulations and to achieve sustainable development, apart from reducing ingredients and materials use through process improvement and energy and resource integration, we constantly invested in high-performance pollution control equipment and persistently enhanced the efficiency of energy and resources and prevent pollution, in order to achieve sustainable development goals. In 2022, we used 1.572 million tonnes of waste paper in Taiwan to create green products through the smart use of waste paper to ensure resource recycling, and also won the “2022 Excellent Entity for Green Procurement”, and the Hsinchu Mill in the containerboard division was recognized with the Green Factory Label (Certificate of Clean Production Evaluation System Qualification).

In environmental management, we have implemented the ISO 14001 environmental management system ahead of our competitors. Our industrial paper mills, Household Product & Paperboard mills and Container Box plants in Taiwan have been certified by world-leading certification bodies. We also adopted the environmental accounting and environmental performance indicators to enhance environmental management effectiveness. In energy conservation and carbon reduction, in addition to constantly raising energy efficiency, we are committed to changing the energy structure to pro-actively use renewable clean energy to reduce fossil fuel consumption, and have implemented ISO 14064 GHG inventory and promoted GHG reduction. Furthermore, our paper mills and paper plants in Taiwan have implemented the ISO 50001 energy management system in 2013 and 2015, respectively, to enforce energy conservation and improvement. In 2022, a total of 49 energy conservation projects had been implemented, saving a total of 10,319,775 kWh of electricity. Since 2017 and onward, we were awarded the Excellence Award at the Low Carbon Product Awards by the EPA, winning the support and recognition from the central government of our efforts in promoting low carbon products and carbon reduction.

In the oversea investment, we will invest NT$196.22 million to make continuous improvement of air pollution control and water pollution control to comply the environmental regulations in Vietnam in 2023.

In future ESH management, we will constantly promote the ISO 14001, ISO 14064, and ISO 50001 management systems to enhance green productivity, reinforce effective energy and resource uses, promote ecological efficiency and ensure ESH performance. In addition, by launching the “CLC Goes Green for a Better Earth” charitable activity, we promote the use of recycled products and encourage the public to practice green consumption, in order to contribute to the Earth’s sustainable development together.

(II) Estimated environmental expenditures in 2023

2023	Taiwan	Vietnam
Pollution control equipment to be procured or expenses	1. Incinerator operations and maintenance fees 2. Air pollution control fee and air pollution fee 3. Water pollution control fee and water pollution fee 4. Waste disposal fee 5. Expansion of pollution control equipment 6. Soil and groundwater treatment fee	1. Water pollution control fee and water pollution fee 2. Waste disposal fee 3. Air pollution control fee and air pollution fee 4. Incinerator operation and maintenance fees 5. Residue Crushing Costs
Estimated improvement	1. Proper treatment of air pollution 2. Proper treatment of water pollution 3. Proper waste disposal 4. Reduction of odorous pollutant emissions	1. Proper waste disposal 2. Reduction of air pollutant emissions and air pollution fee 3. Reduction of water pollutant emissions and water pollution fee 4. Reduction of noise pollution at the mill
Estimated amount	NT$ 1,009,219 thousand	NT$ 196,223 thousand

5. Labor Relations

I. Current employee welfare scheme and retirement scheme and their status, and labor-management agreements, and protection of employee rights and interests

Our efforts to promote labor-management harmony are as follows:

(I) The working time, holidays, special leave, pension contribution, and other labor conditions for employees comply with the Labor Standards Act.

(II) Benefits and protection for employees are as follows:

1. Labor Insurance, National Heal Insurance and group insurance (with medical, accident, occupational disaster, and life coverage).
2. Free meals, snacks for overtime work and uniforms.
3. Cash rewards or gifts on three major folk festivals.
4. Domestic and international employee travels.
5. Annual physical and health examinations.
6. Employee share ownership trust (ESOT).
7. Birthday, wedding, funeral and birth allowances.
8. Medical allowances for employees and dependents, relief for disasters, financial aid for major illness and survivor condolence benefit for employees killed on duty.
9. Children education scholarships.
10. Pension scheme.
11. Foreign language training and club subsidization.

(III) Pension scheme:

We have established the "CLC Pension Implementation Regulations" as per the Labor Standards Act (LSA) and the Labor Pension Act (LPA). For employees qualified for the LSA scheme, we contribute an appropriate percentage of their total salary to the "Pension Reserve" account in the Bank of Taiwan every month per the LSA. For employees selecting or qualified for the LPA scheme, we contribute 6% of their salary to the Labor Pension Fund in their personal accounts at the Bureau of Labor Affairs every month.

(IV) Labor-management agreement: NA.

II. Further education and training of employees:

We offer an open and diversified learning environment for employees to challenge their extreme through internal and external training, on-the-job training, E-Learning (e-training system), and total productive maintenance (TPM) activities. With such well-planned training systems, we aim to fulfill the training needs of employees. In addition, through series/grade planning, job rotation, project assignment, and expatriation, we enable employees to combine life with career to enjoy the pleasure of intellectual growth and create a beautiful future.

Apart from establishing related management regulations, such as the "Talent Cultivation Implementation Regulations", the "Internal Instructor Implementation Regulations", and the "Foreign Language Training and Reward Regulations", we plan related training courses and programs based on the competence and expertise needs to enrich the intelligence, improve the overall quality, and raise operational performance of employees. Statistics on Employee Training Hours by Region in 2022

Region	Training Expense	Total Training Hours
CLC (including affiliates in Taiwan)	NT$ 7,917,992	207,405 (including e-learning:53,300)
Affiliates - China	NT$ 170,172	67,272
Affiliates - Vietnam	NT$ 1,637,836	30,782

III. Handling of unethical conduct by personnel of the company

The company is engaged in business activities based on the principles of fairness, honesty, integrity, and transparency. To implement ethical business management, the company has also actively prevented unethical conduct and formulated the "Procedures for Ethical Management and Guidelines for Conduct of Cheng Loong Corporation" to regulate specific matters that the company's personnel should pay attention to when performing their duties.

Insiders and outsiders who discover that the company's personnel violates the Code of Ethical Conduct or the Procedures for Ethical Management and Guidelines for Conduct, or engages in unethical conduct, may file a whistleblowing report to the audit unit of the company in accordance with the procedure for handling unethical conduct.

When accepting and handling a whistleblowing case, the auditor shall deem the case confidential and may not disclose the whistleblower's true identity in order to protect the whistleblower's safety. If the whistleblower is an employee of the company, the company promises to protect the whistleblower from improper treatment due to whistleblowing.

If a case involves a director or senior executive director, a material violation, or the likelihood of material damage, the company shall submit a written report to independent directors. For unethical conduct that has already occurred, the relevant units shall review the relevant internal control system and operating procedures, and propose improvement measures to prevent the same conduct from happening again.

IV. Human Rights Policy of Cheng Loong

The Company's business bases in various places strictly abide by local labor regulations, are committed to protecting the basic human rights of all employees, and support and agree with the basic spirit of international conventions, including "United Nations Universal Declaration of Human Rights" "The United Nations Global Compact," "International Labor Office's Tripartite Declaration of Principles," and "the OECD Guidelines for Multinational Enterprises" while formulating Cheng Loong's human rights policy in accordance with their guiding principles, so that all relevant people can be treated fairly and with dignity.

Cheng Loong's human rights policy also applies to the enterprises and organizations, including its subsidiaries and other institutions or legal persons with substantive control. The specific implementation guidelines are set out below:

Tolerance of diversity and anti-discrimination	The company is committed to creating a safe and diverse work environment based on the principles of the openness and fairness. In recruitment, appointment and development of employees, their work ability prevails and they will not be treated with a different language, attitude, and behavior based on their gender, race, socioeconomic status, age, marriage, family status, language, religion, party, nationality, appearance, facial features, or physical and mental disorders. To avoid any form of discrimination, an effective and appropriate grievance mechanism is provided, in which a dedicated unit accepts relevant cases and responds appropriately to prevent any violations of human rights.
Ban on child labor and prohibition of forced labor	In order to protect the physical and psychological development and growth opportunities of young people, the company clearly prohibits the employment of child workers under the age of 16 and requests verification of the identity documents of job seekers as stipulated in the "Implementation Measures for New Recruitment", while further proceeding to plan and expand requirements for all suppliers to comply accordingly so as to jointly fulfill corporate social responsibility. All employees sign labor contracts and provide labor services based on their free will. It is strictly forbidden to force employees to perform compulsory labor or to undertake any other illegal compulsory labor behavior, such as compulsory measures.

Anti-corruption and ethical management	"Loyalty and honesty" is an important principle for Cheng Loong's employees at work. Employees are strictly required to handle business in accordance with the principles of fairness, impartiality, and openness. They can never accept bribes from suppliers. If any employee is found to have violated relevant regulations, he/she will be punished severely without leniency if the case is verified to be true and the circumstances are significant. In order to enhance employees' concept of ethical behavior and strengthen the effectiveness of governance, such implementation is ensured through the formulation of "Code of Ethical Conduct of Cheng Loong", "Procedures for Ethical Management and Guidelines for Conduct", and "Handling of Personnel's Involvement of Unethical Behavior".
Health and safety workplace and work Balance	Under the principle of "full participation, zero disaster, safety and health", the company promotes various labor safety and health activities and education and training through safety and health management organizations and systems and continues to improve the work environment so as to build a healthy, safe, and friendly workplace. To assist employees in maintaining a balance between physical and psychological health as well as work and life, regular health checkups are conducted. The company also encourages employees to organize clubs or participate in health and leisure activities, while providing financial subsidies. At present, more than ten clubs in sports, leisure, and arts have been established.
Freedom of association and smooth communication channels	To protect employees' rights to freedom of association, the company adopts an open stance toward employees' establishment of unions. Currently, the employees at the Chupei Mill and Hsinchu Mill have established their own labor unions. When a labor union holds a meeting, all relevant senior executives participate in the meeting, communicate directly with employees and exchange opinions with them in the hope of establishing a mutual trust and reciprocal relationship with each other, to promote labor-management harmony. Through labor-management meetings, improvement proposals, Cheng Loong's bimonthly, audit line and mailbox, and Chairperson's mailbox, a smooth and diverse communication bridge is established between the management and employees, while announcing the Company's business goals and vision and commending outstanding employees openly for their performance at business outlook meetings and factory affairs meetings. If the company has major operational changes or matters related to labor rights and interests, it will also inform all employees immediately and in detail through bulletin boards and electronic announcements.

V. Protection Measures for Work Environment and Employees' Personal Safety

The Company's Safety, Health & Environment Department established in 1994 is responsible for integrating and promoting safety, health, and environmental protection business across the Company. With the full support and the expectations of the President, the Safety, Health & Environment Department adheres to the goal of sustainable operation and continues to promote safety and health management activities, with the aim of providing employees with a safe, healthy, and comfortable work environment, while implementing the safety and health policy of "Full participation- Zero accident- Safe and health," to ensure the personal safety of employees and shape the Company's safety culture.

(I) Losses and fines due to OHS in recent years

In 2022 and at the time of publication report, we were fined NT$ 202,000 and NT$ 50,000, respectively, for violations of the Occupational Safety and Health Act. In our overseas investments, we were fined CN¥ 20,000and CN¥ 0, respectively, in China and were not fined in Vietnam for violating any Occupational Safety and Health regulations.

Losses arising from non-compliance with occupational safety and health regulations are set out below:

Date of disciplinary measure	Official letter number of disciplinary measure	Violation of regulations	Content of regulations violated	Content of disciplinary measure (penalty amount)
Taiwan				
January 25, 2022	Letter from the Ministry of Labor referenced Lao-Zhi-Shou No. 1110200480	Subparagraph 15,Article 116 of the Occupational Safety and Health Facility Rules	For forklift paper operation or movement when there is a risk of collision with workers, put in place location controls and guide personnel	NT$60,000
April 25, 2022	Letter from the Ministry of Labor referenced Lao-Zhi-Shou No. 1110202199	Paragraph 2, Article 37 of the Occupational Safety and Health Act	When using forklifts to transport materials, failure to remove an obstruction of the passage in advance caused the forklifts to knock down irregular raw paper products and an employee was crushed and injured in an occupational accident.	NT$60,000
June 20, 2022	Letter from the Ministry of Labor referenced Lao-Zhi-Shou No. 1110203315	Article 152 of the Occupational Safety and Health Facility Rules Subparagraph 4,Paragraph 1, Article 6 of the Occupational Safety and Health Act Article 12-1 of the Management Regulations of Occupational Safety and Health	In the event of an occupational accident in a workplace where more than one person has been injured and requires hospitalization, the workplace fails to notify the labor inspection institution within eight hours.	NT$60,000

Date of disciplinary measure	Official letter number of disciplinary measure	Violation of regulations	Content of regulations violated	Content of disciplinary measure (penalty amount)
December 28, 2022	Taoyuan City Government Fu-Xiao-Wei No. 1110363872	Article 79 of the Establishment Standard and Safety Control Regulation for Manufacturing, Storing, Processing Public Hazardous Substances and Flammable Pressurized Gases Places	Public hazardous substances were stored in indoor and outdoor storage facilities, reached the control amount, and failed to comply with the attached table of the Establishment Standard and Safety Control Regulation, which listed the items to be improved	NT$22,000
January 19,2023	New Taipei City Government Xin-Bei-Fu-Lao-Jian No. 1124651243	Article 45, Article 61, Subparagraph 5, Article 58of the Occupational Safety and Health Facility Rules Paragraph 1, Article 45 of the Occupational Safety and Health Act	The employer shall have the necessary safety and health facilities and measures that comply with the regulations to prevent hazards caused by machinery, equipment, or apparatus, and hazards caused by workplaces where there is a risk of crumbling, falling objects, or collapsing structures.	NT$50,000
Oversea				
August 22, 2022	Su-Xin-Xiao Penalty Decision [2022] No. 0198	Article 16, Paragraph 1, Subparagraph 5 of the Fire Protection Law of the People's Republic of China	No fire barrier was in place between the plant production area and the storage area.	CN¥20,000

In our solutions, apart from constantly investing in safety and health facilities to make the work environment safer and healthier, we have reinforced OHS education and training to enrich and enhance the employee's awareness of hazards in the work environment and requested employees to strictly follow all OHS protocols, in order to ensure OHS management activities are effectively implemented and thereby create a win-win and quality work environment for the company and employees.

(II) Occupational health and safety management system (OHSMS)

The Company fully changover the edition of the Occupational Safety and Health Management System in 2020 to the ISO/CSN 45001:2018 management system. Adhering to the spirit of the Company's safety and health policy, the safety and health management unit has planned for the operation of the safety and health management system, everyone and participate in the implementation of safety and health activities, allowing the concept to be deeply rooted in everyone's heart, and shaping the Company's safety culture through the spirit of self-care, mutual protection, supervision and protection of employees and supervisors, and implement proposals.

(III) A safety culture

- Setting safety mottos

  We have set safety mottos for the president to communicate the safety concept within the company. These mottos include:

  a. All workplace injuries and diseases can be prevented.

  b. Safety is the first mission of all employees and safety management the responsibility of all officers.

  c. Eliminate exposure to occupational hazards through constant improvements.

  d. Train employees to exactly follow all safety protocols.

  e. Continuous audits to discover, immediately correct and prevent defects.

  f. Employees occupational safety is the prime target of the safety plan.

  We have made publicity posters and posted them in offices, conference rooms, employee lounges and places where employees often pass by and gather, in order to strengthen the safety concept: “Safety is an employee’ responsibility and safety management is an officer’s responsibility through incessant publicity”.

- Family ties for work safety

  We promote the Work Safety Prayer activity to enhance the safety awareness and cooperation with safety management of employees through the power of family ties. With this activity, we also aimed to effectively raise safety awareness.

(IV) OHS Goes Live

We began implementing the OHS Goes Live activity in 2008 to enhance the organizational OHS performance. By making publicity materials on related themes, disaster prevention education and training, thematic hazard checks and improvements, inter-plant performance evaluation and demonstration, we strengthen the safety awareness, safe working skills and occupational safety performance of employees.

- Thematic publicity activities

  To strengthen the safety awareness of employees, we have organized a series of thematic activities, including the Pinch Prevention, Vehicle Collision Prevention and Employee Safety Golden Verse Voting. The golden verse with the highest votes: “Work Safety for Employee Safety and Family Peace” has been put on banners for the ESH week of the company for employees to participate in organizational OHS activities more activity and thereby form an OHS culture.

- Disaster prevention education and training

  We have arranged appropriate disaster prevention education and training for employees who may cause significant environmental impacts or significant OHS hazards at work and employees representing each mill and plant. We also analyze and assess the effectiveness of such education and training. In addition, we communicate and publicize within the organization the requirements of the ESH policy and the significant environmental aspects and risks. Furthermore, we hire simultaneous interpreters to interpret contents in class to foreign workers and make videos as teaching materials for each mill and plant.

• Interplant OHS rating/thematic hazard factors check and improvement

In OHS promotions, the Safety and Health & Environmental Protection Department of Taiwan HQ actively establishes the internal audit system to rate and audit the OHS performance of mills and plants every year to constantly improve the work environment and check and eliminate safety hazard factors in workplaces, in order to minimize occupational injuries.

(V) Health promotion

a. Annual physical special staff examinations are carried out for employees. The frequency and examination items are superior to those stipulated in the Labor Health Protection Rules.
b. Promoted the Company's healthy workplace culture.
c. Smoking is not allowed in all CLC offices, mills and plants. We have also arranged for education and training for tobacco hazards prevention from time to time.
d. We value the food for employees and thus carefully selected catering service providers to prevent the 3H's (hypertension, hyperglycemia, and hyperlipemia) for employees.
e. Established clubs and encouraged employees to attend and exercise for their physical and psychological wellbeing.
f. Every year we hold staff travel.

(VI) Industrial safety partner alliance

In 2005 the Ministry of Labor and the Taiwan Papermaking Industry Association signed the Declaration of Safety and Health Alliance to officially establish an industry safety partnership to help promote OHS and enhance OHS performance; promote total participation in OHS activities through mutual exchange and demonstration; and shape a good safety culture.

VI. Losses caused by labor-management disputes in the previous year and by the date of report publication: NA

Estimated amount of loss at present and in the future caused by potential labor-management disputes: NA.

Solutions for potential labor-management disputes at present and in the future: We have spared no efforts to promote labor-management harmony over the years and will continue this tradition in the future to prevent labor-management disputes.

6. Cyber Security Management

I. Information Security Management Framework

In accordance with the regulations of the Financial Supervisory Commission, Cheng Loong Corporation has established the position of Chief Information Security Officer and a dedicated unit (Cyber Security Center) to formulate the Group's information security policy and management system. The Chief Information Security Officer coordinates the planning of the Company's information security and is responsible for formulating and promoting the management agenda. In order to protect the confidential information of customers and their product information, Cheng Loong Corporation has established the "Information Security Policy" as the basis of management and continues to establish security incident emergency response and recovery measures to protect the security of employees, customers, suppliers, and operation-related information assets to ensure the sustainable operation of the Company.

II. Information and Communication Security and Risk Management Policy

Cheng Loong Corporation has continued to amend its information security-related standard operating procedures over the years and is expected to implement the information security management system ISO/IEC 27001 and PDCA (Plan, Do, Check, Action) management in 2023. This is not only to ensure the security of the Company's information assets and the continuity of information services, but also to protect the rights of customers and reduce the threat and impact of information security incidents.

III. Specific Management Plans and Invested Resources:

1. Cheng Loong Corporation regularly holds monthly meetings to review the implementation of information security projects, and the President convenes information security review meetings every quarter. Whenever major changes or information security incidents occur, ad hoc emergency information security meetings are convened.
2. The Company has introduced sensitive data protection procedures to ensure that vital data is kept encrypted to protect the Company's intellectual property from being leaked.
3. The Company has implemented social engineering exercises and online information security training for employees every six months. According to the statistics, the percentage of employees clicking on unidentified e-mails has been reduced from 18.7% in 2021 to 7.2% in 2022, which demonstrates that the awareness and alertness of employees on information security have been significantly improved.
4. The Company has developed complete and specific operating procedures and standards so that the information security management system can be better managed in accordance with the actual situation.
5. The Company has established the Information Security Monitoring and Control War Room to detect information security events in real-time and take appropriate contingency measures to block viruses and malicious attacks.

6. The backup of the core system of the Company is located remotely, and a recovery exercise is performed annually to verify whether the backup mechanism is reliable and effective.
7. The Company commissions a third party to conduct information security testing on a regular basis every year to test and verify the security level, protection effectiveness, system vulnerability, and other risks of Cheng Loong Corporation's information security, with the purpose of understanding and evaluating the Company's system security and network security.
8. The Company has applied to join the Taiwan Computer Emergency Response Team/ Response Team (TWCERT), which is under the guidance of the Ministry of Digital Affairs, and the Taiwan Chief Information Security Officer Alliance (Taiwan CISO Alliance) to receive the latest early warning detection notifications and share information of information security.
9. The Company requires employees to change their login passwords regularly. In addition, the latest information in the information security section of Cheng Loong EIP website is updated when necessary. Also, the Company continues to conduct information security-related awareness campaigns and communicates with employees to implement information security policy.

IV. Major Information and Communication Security Incidents

In the most recent year and up to the date of publication of the annual report, under the information security governance and various management policies, Cheng Loong Corporation has not experienced any major information security incidents which have impacted operational risks.

7. Important Contracts

Cheng Loong Corporation

Type of Contract	Party-concerned	Contract Term	Description	Restrictions
Medium-term syndicated loan (loan and commercial paper) (Note1)	Hua Nan Commercial Bank First Commercial Bank Taipei Fubon Commercial Bank Land Bank of Taiwan Taiwan Cooperative Bank E.SUN Bank O-Bank Chang Hwa Commercial Bank Far Eastern International Bank Taishin International Bank KGI Bank Agricultural Bank of Taiwan Yuanta Commercial Bank	October 23, 2018-October 22, 2023	This Company may use the medium-term revolving loan within the credit limit at NT$7.2 billion during the contract term.	Financial ratio restrictions
Notes Issuance Facility (Note2)	Crédit Agricole Corporate and Investment Bank China Bills Finance Corporation Mega Bills Finance Co., Ltd. International Bills Finance Corporation Grand Bills Finance Corporation Dah Chung Bills Finance Corp. Ta Ching Bills Finance Corporation Taiwan Cooperative Bills Finance Corporation Taiwan Finance Corporation	December 10, 2019-December 9, 2022	This Company may issue and use commercial papers repeatedly within the credit limit at NT$2.6 billion during the contract term.	Financial ratio restrictions
Medium-term syndicated loan (loan and commercial paper)	First Commercial Bank Mizuho Bank Bank of Taiwan Taiwan Cooperative Bank Hua Nan Commercial Bank Chang Hwa Commercial Bank Taipei Fubon Commercial Bank Land Bank of Taiwan Agricultural Bank of Taiwan Bank of Kaohsiung	April 27, 2020-April 26, 2025	This Company may use the medium-term revolving loan within the credit limit at NT$4.8 billion during the contract term.	Financial ratio restrictions

Type of Contract	Party-concerned	Contract Term	Description	Restrictions
Medium-term syndicated loan (loan and commercial paper)	Hua Nan Commercial Bank First Commercial Bank Taiwan Cooperative Bank Taipei Fubon Commercial Bank Taiwan Shin Kong Commercial Bank Bank of Taiwan KGI Bank Agricultural Bank of Taiwan Land Bank of Taiwan Taiwan Business Bank Far Eastern International Bank E.SUN Bank	December 22, 2020-December 21, 2025	This Company may use the medium-term revolving loan within the credit limit at NT$8 billion during the contract term.	Financial ratio restrictions
Medium-term syndicated loan (loan and commercial paper) (Note1)	First Commercial Bank Hua Nan Commercial Bank Taiwan Cooperative Bank Taipei Fubon Commercial Bank Yuanta Commercial Bank Land Bank of Taiwan Cathay United Bank Chang Hwa Commercial Bank Far Eastern International Bank Taishin International Bank E.SUN Bank	October 24, 2022-October 23, 2027	This Company may use the medium-term revolving loan within the credit limit at NT$9 billion during the contract term.	Financial ratio restrictions
Medium-term syndicated loan (loan and commercial paper) (Note2)	Hua Nan Commercial Bank Bank of Taiwan First Commercial Bank Yuanta Commercial Bank	December 27, 2022-December 26, 2027	This Company may use the medium-term revolving loan within the credit limit at NT$3.6 billion during the contract term.	Financial ratio restrictions
Liyi Section, Zhongzheng District Co-construction distribution	32 landlords including Ling-chen Luo-Wu	From May 19, 2006 until proper handover.	The landlords offered land and this Company offered capital to jointly construct the project.	NA
Erchongpu Section, Sanchong City Co-construction distribution	27 landlords including Qing-Zhu Wang	From August 27, 2009 until proper handover.	The landlords offered land and this Company offered capital to jointly construct the project.	NA
Heti Section, Zhongzheng District (Nanchang Road) Co-construction distribution	55 landlords including Yi-Ren Huang	From July 30, 2011 until proper handover.	The landlords offered land and this Company offered capital to jointly construct the project.	NA

Type of Contract	Party-concerned	Contract Term	Description	Restrictions
Linyi Section, Zhongzheng District Commissioning Contract for the Construction	Shine Far Construction Co., Ltd.	Starting from June 28, 2018, the total construction period is 1,200 calendar days.	The total contract price for the new construction contract for "Urban Renewal Residential Building on Hangzhou South Road" is NT$2.585 billion (tax included).	NA
PV System Electricity Procurement Contract Contract No.: 07-PV-099-1006	Taichung Regional Office, Taiwan Power Company	December 31, 2010-December 31, 2031	PV system erected in Huoli Mill to purchase/sell electricity to the Taichung Regional Office, Taiwan Power Company.	NA

Note 1: The Medium-term syndicated loan of NT$7.2 billion signed on October 23, 2018 was expired. The credit limit was refilled by the Medium-term syndicated loan of NT$9 billion signed on October 24, 2022.

Note 2: The Medium-term syndicated loan of NT$2.6 billion signed on December 10, 2019 was expired. The credit limit was refilled by the Medium-term syndicated loan of NT$3.6 billion signed on December 27, 2022.

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Type of Contract	Party-concerned	Contract Term	Description	Restrictions
Medium-term syndicated loan for plant construction	Mega International Commercial Bank CTBC Bank Taipei Fubon Commercial Bank DBS Bank (Taiwan) The Shanghai Commercial & Savings Bank E.SUN Bank Cathay United Commercial Bank First Commercial Bank Hua Nan Commercial Bank United Overseas Bank	Item A: July 25, 2017-July 24, 2022 Item B: July 25, 2017-July 24, 2024	During the contract term, we may use Item A: VND equivalent to USD15 million Item B: USD150 million Totaling USD165 million. (no revolving use).	Financial ratio restrictions
Medium-term syndicated loan for plant construction	Mega International Commercial Bank CTBC Bank Taipei Fubon Commercial Bank DBS Bank (Taiwan) Hua Nan Commercial Bank The Shanghai Commercial & Savings Bank E.SUN Bank First Commercial Bank Cathay United Commercial Bank	August 17, 2021-August 16, 2026	During the contract term, we may use Item A: VND 759 billion Item B: VND 161 billion Item C: USD 90 million. (no revolving use).	Financial ratio restrictions
Medium-term syndicated loan for plant construction	Mega International Commercial Bank CTBC Bank Taipei Fubon Commercial Bank DBS Bank (Taiwan) First Commercial Bank United Overseas Bank E.SUN Bank Hua Nan Commercial Bank The Shanghai Commercial & Savings Bank Cathay United Commercial Bank	December 22, 2022-December 21, 2027	During the contract term, we may use Item A: VND 897 billion Item B: VND 690 billion Item C: USD 161 million. (no revolving use).	Financial ratio restrictions

Financial Summary

1. Condensed Balance Sheet and Income Statement, as well as Name and Audit Opinions of CPAs in the Five Most Recent Years

(1) Condensed balance sheets and statements of comprehensive income - IFRSs - Consolidated

Condensed balance sheet - IFRSs - Consolidated

Unit: NT$1,000

Item \ Year		Financial data of the past five years (Note 1)					As of March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Current assets		25,181,103	25,886,481	24,173,556	24,370,198	24,759,650	Not Applicable.
Property, plant and equipment		38,152,595	33,871,492	30,099,345	28,653,569	30,000,264	
Intangible assets		-	-	-	-	-	
Other assets		6,676,782	6,682,352	6,732,919	6,313,114	5,279,029	
Total assets		70,010,480	66,440,325	61,005,820	59,336,881	60,038,943	
Current liabilities	Before distribution	16,440,518	17,916,038	16,519,904	15,079,816	17,243,965	
	After distribution	-	20,021,760	18,514,798	16,409,745	18,463,067	
Non-current liabilities		24,272,181	20,124,082	17,699,360	18,698,038	18,626,103	
Total liabilities	Before distribution	40,712,699	38,040,120	34,219,264	33,777,854	35,870,068	
	After distribution	-	40,145,842	36,214,158	35,107,783	37,089,170	
Stockholders’ equity attributable to parent		28,343,772	27,254,192	25,403,801	23,724,687	22,465,667	
Capital		11,082,745	11,082,745	11,082,745	11,082,745	11,082,745	
Capital surplus		1,157,532	1,157,532	1,132,062	1,130,653	1,129,357	
Retained earnings	Before distribution	17,556,812	16,650,197	14,778,976	12,525,289	11,322,017	
	After distribution	-	14,544,475	12,784,082	11,195,360	10,102,915	
Other equity Interests		(1,453,317)	(1,636,282)	(1,589,982)	(1,014,000)	(1,068,452)	
Treasury stock		-	-	-	-	-	
Non-controlling Interests		954,009	1,146,013	1,382,755	1,834,340	1,703,208	
Total equity	Before distribution	29,297,781	28,400,205	26,786,556	25,559,027	24,168,875	
	After distribution	-	26,294,483	24,791,662	24,229,098	22,949,773	

Note 1: The summarized financial have been certified by CPA.

Note 2: Financial statements from Q1 2023 to the printing date of this report have not been audited by a CPA.

Condensed Statements of Comprehensive Income - IFRSs - Consolidated

Unit: NT$1,000

Item \ Year	Financial data of the past five years (Note 1)					As of March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating revenue	43,921,728	44,986,090	40,074,390	40,387,576	41,181,509	Not Applicable.
Gross profit from operations	7,332,772	10,202,692	10,615,765	9,224,250	8,523,985	
Operating income	1,657,593	4,574,407	5,017,578	3,513,276	2,859,194	
Non-operating income and Expenses	1,539,367	413,168	(245,386)	(527,462)	2,137,147	
Net Income Before Tax (Loss)	3,196,960	4,987,575	4,772,192	2,985,814	4,996,341	
Net Income from Continuing Operations (Loss)	2,709,489	4,011,488	3,743,869	2,347,102	4,072,210	
Net Income from discontinued department	-	-	-	-	17,976	
Net Income (Loss)	2,709,489	4,011,488	3,743,869	2,347,102	4,090,186	
Other Comprehensive Income (Loss) (After-Tax)	718,627	(130,225)	(916,725)	260,856	(244,963)	
Total Comprehensive Income (Losses)	3,428,116	3,881,263	2,827,144	2,607,958	3,845,223	
Net Income Attributable to the Parent	2,520,098	3,963,422	3,727,746	2,303,904	3,741,569	
Net Income Attributable to Non-Controlling Interests	189,391	48,066	16,123	43,198	348,617	
Total Comprehensive Income Attributable to the Parent	3,195,302	3,819,815	3,007,634	2,476,826	3,443,676	
Total Comprehensive Income Attributable to Non-Controlling Interests	232,814	61,448	(180,490)	131,132	401,547	
Earnings per Share (NT$)	2.27	3.58	3.36	2.08	3.38	

Note 1: The summarized financial have been certified by CPA.
Note 2: Financial statements from Q1 2023 to the printing date of this report have not been audited by a CPA.

Condensed balance sheets - IFRSs - Parent-Company-Only

Unit: NT$1,000

Item / Year		Financial data of the past five years (Note 1)					As of March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Current assets		15,123,262	15,244,518	15,699,041	15,612,089	14,950,034	Not Applicable.
Property, plant and equipment		24,287,847	23,050,768	20,343,403	18,957,265	18,867,106	
Intangible assets		-	-	-	-	-	
Other assets		17,421,981	16,694,721	14,890,222	15,312,726	14,357,801	
Total assets		56,833,090	54,990,007	50,932,666	49,882,080	48,174,941	
Current liabilities	Before distribution	9,157,116	10,687,959	10,368,908	10,909,155	10,678,321	
	After distribution	-	12,793,681	12,363,802	12,239,084	11,897,423	
Non-current Liabilities		19,332,202	17,047,856	15,159,957	15,248,238	15,030,953	
Total liabilities	Before distribution	28,489,318	27,735,815	25,528,865	26,157,393	25,709,274	
	After distribution	-	29,841,537	27,523,759	27,487,322	26,928,376	
Stockholders' equity attributable to parent		Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Capital		11,082,745	11,082,745	11,082,745	11,082,745	11,082,745	
Capital surplus		1,157,532	1,157,532	1,132,062	1,130,653	1,129,357	
Retained earnings	Before distribution	17,556,812	16,650,197	14,778,976	12,525,289	11,322,017	
	After distribution	-	14,544,475	12,784,082	11,195,360	10,102,915	
Other equity Interests		(1,453,317)	(1,636,282)	(1,589,982)	(1,014,000)	(1,068,452)	
Treasury stock		-	-	-	-	-	
Non-controlling Interests		Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Total equity	Before distribution	28,343,772	27,254,192	25,403,801	23,724,687	22,465,667	
	After distribution	-	25,148,470	23,408,907	22,394,758	21,246,565	

Note 1: The summarized financial have been certified by CPA.
Note 2: The company doesn't prepare the Q1 2023 Financial statements.

Condensed Statements of Comprehensive Income - IFRSs - Parent-Company-Only

Unit: NT$1,000

Item \ Year	Financial data of the past five years (Note 1)					As of March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating revenue	32,631,563	34,294,239	30,410,502	30,755,718	31,809,296	Not Applicable.
Gross profit from operations	5,908,291	8,149,591	8,133,705	7,161,604	6,775,943	
Operating income	2,112,521	4,352,123	4,257,947	3,484,250	3,370,775	
Non-operating income and Expenses	620,945	415,451	373,198	(487,229)	1,043,273	
Net Income Before Tax (Loss)	2,733,466	4,767,574	4,631,145	2,997,021	4,414,048	
Net Income from Continuing Operations (Loss)	2,520,098	3,963,422	3,727,746	2,303,904	3,741,569	
Net Income from discontinued department	-	-	-	-	-	
Net Income (Loss)	2,520,098	3,963,422	3,727,746	2,303,904	3,741,569	
Other Comprehensive Income (Loss) (After-Tax)	675,204	(143,607)	(720,112)	172,922	(297,893)	
Total Comprehensive Income (Losses)	3,195,302	3,819,815	3,007,634	2,476,826	3,443,676	
Net Income Attributable to the Parent	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Net Income Attributable to Non-Controlling Interests	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Total Comprehensive Income Attributable to the Parent	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Total Comprehensive Income Attributable to Non-Controlling Interests	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Earnings per Share (NT$)	2.27	3.58	3.36	2.08	3.38	

Note 1: The summarized financial have been certified by CPA.
Note 2: The company doesn’t prepare the Q1 2023 Financial statements.

(2) Name and Audit Opinions of CPAs

Year	2022	2021	2020	2019	2018
CPA name	Mei-Pin Wu	Mei-Pin Wu	Mei-Pin Wu	Mei-Pin Wu	Mei-Pin Wu
	Hung-Wen Fu	Chi-Lung Yu	Chi-Lung Yu	Chi-Lung Yu	Chi-Lung Yu
Audit opinions	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

2. Financial Analyses for the Five Most Recent Years

(1) Financial analysis - IFRSs - Consolidated

Analysis item \ Year		Financial analysis of the past five years					As of March 31, 2023 (Note)
		2022	2021	2020	2019	2018	
Financial Structure (%)	Debt-asset ratio	58	57	56	57	60	Not applicable
	Ratio of long-term capital to property, plant and equipment	140	143	148	154	143	
Solvency (%)	Current ratio	153	144	146	162	144	
	Quick ratio	84	81	85	93	70	
	Interest coverage ratio	5	14	11	5	8	
Operating Ability	Receivables turnover rate (times)	6.31	6.48	6.38	6.22	5.56	
	Average collection days for receivables	58	56	57	59	66	
	Inventory turnover rate (times)	4.06	4.30	3.89	3.66	3.63	
	Payable turnover rate (times)	5.67	5.81	5.5	6.05	6.18	
	Average days for sale	90	85	94	100	100	
	Property, plant and equipment turnover rate (times)	1.22	1.41	1.36	1.38	1.34	
	Total asset turnover rate (times)	0.64	0.71	0.67	0.68	0.69	
Profitability	Return on assets (%)	5	7	7	5	7	
	Return on equity (%)	9	15	14	9	18	
	Ratio of income before tax to paid-in capital	29	45	43	27	45	
	Profit margin (%)	6	9	9	6	10	
	Earnings per share (NT$)	2.27	3.58	3.36	2.08	3.38	
Cash Flow	Cash flow ratio (%)	30	21	46	49	33	
	Cash flow adequacy ratio (%)	82	76	94	84	68	
	Cash flow reinvestment ratio (%)	3	2	8	8	6	
Leveraging	Operating leverage	3.32	1.82	1.78	2.14	2.41	
	Financial leverage	1.39	1.07	1.1	1.20	1.17	

Please specify the reasons for the changes of each financial ratio in the past two years (can be omitted for changes below 20%):

The decrease in interest coverage ratio, return on assets, return on equity, ratio of income before tax to paid-in capital, profit margin and EPS and the increase in operating leverage and financial leverage are mainly driven by a decrease in net operating income.

For the cash flow ratio and cash flow reinvestment ratio, please refer to the cash flow analyses on Page 310.

Note: Not applicable because they have not been approved by BOD or audited by CPAs by the date of report publication.

1. Financial Structure
   (1) Debt-asset ratio = total liabilities / total assets
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities
   (3) Interest coverage ratio = net income before tax and interest expenses / current interest expenses
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable arising from business oeprations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
   (2) Average collection days for receivables = 365 / receivables turnover rate
   (3) Inventory turnover rate = cost of sales / average inventory
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sales / average payables (including accounts payable and notes payable arising from business operations) for each period
   (5) Average days of sale = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets = [net income + interest expenses (1- tax rate)] / averate total assets
   (2) Return on equity = net income / averate total equity
   (3) Profit margin = net income / net sales
   (4) Earnings per share = (profit or loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)
6. Leveraging
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
   (2) Financial leverage = operating income / (operating income / interest expenses)

(2) Financial analysis - IFRSs - Parent-Company-Only

Analysis item (Note 1) \ Year		Financial analysis of the past five years					As of March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial Structure (%)	Debt-asset ratio	50	50	50	52	53	Not applicable
	Ratio of long-term capital to property, plant and equipment	196	192	199	206	199	
Solvency (%)	Current ratio	165	143	151	143	140	
	Quick ratio	73	70	77	71	67	
	Interest coverage ratio	10	26	21	12	16	
Operating Ability	Receivables turnover rate (times)	6.66	6.84	6.38	6.27	6.17	
	Average collection days for receivables	55	53	57	58	59	
	Inventory turnover rate (times)	4.10	4.37	3.73	3.56	3.72	
	Payable turnover rate (times)	5.42	5.59	5.15	5.79	6.71	
	Average days for sale	89	83	98	102	98	
	Property, plant and equipment turnover rate (times)	1.38	1.58	1.55	1.63	1.67	
	Total asset turnover rate (times)	0.58	0.65	0.6	0.63	0.67	
Profitability	Return on assets (%)	5	8	8	5	8	
	Return on equity (%)	9	15	15	10	18	
	Ratio of income before tax to paid-in capital	25	43	42	27	40	
	Profit margin (%)	8	12	12	7	12	
	Earnings per share (NT$)	2.27	3.58	3.36	2.08	3.38	
Cash Flow	Cash flow ratio (%)	37	38	51	53	45	
	Cash flow adequacy ratio (%)	82	79	81	75	64	
	Cash flow reinvestment ratio (%)	2	3	6	7	6	
Leveraging	Operating leverage	2.22	1.59	1.64	1.73	1.69	
	Financial leverage	1.12	1.03	1.05	1.08	1.08	

Please specify the reasons for the changes of each financial ratio in the past two years (can be omitted for changes below 20%):

The decrease in interest coverage ratio, return on assets, return on equity, ratio of income before tax to paid-in capital, profit margin and EPS and the increase in operating leverage are mainly driven by a decrease in net operating income.

The decrease in cash flow reinvestment ratio is mainly driven by an increase in book value of property, plant and equipment and a decrease in net cash flow from operating activities.

Note1: Please refer to P. 136 for the calculation equation.

Note2: Not applicable because we did not produce the individual financial statement in Q1.

3. Audit Committee's Review Report for the Financial Report in the Most Recent Year

Cheng Loong Corporation

Audit Committee's Review Report

The final accounting documents, including the business report, individual financial statements, consolidated financial statements and profit distribution proposal of 2022 produced and submitted by the Board of Directors have been reviewed by this Committee. This Audit Committee found no nonconformity in such documents. Furthermore, both the individual financial statements and consolidated financial statements have been audited and certified by CPAs Mei-Pin Wu and Hung-Wen Fu. This Committee thus presented this report to the AGM for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Cheng Loong Corporation

Audit Committee Convener: Yung-Chi Wang

March 14, 2023

4. Financial Report for the Most Recent Year

Independent Auditors' Report

To the Board of Directors of CHENG LOONG CORPORATION:

Opinion

We have audited the consolidated financial statements of CHENG LOONG CORPORATION and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain subsidiaries and the investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to those subsidiaries and the investments accounted for using equity method, are based solely on the reports of the other auditors. As of December 31, 2022 and 2021, the assets of those subsidiaries constituted 5.82% and 4.69%, respectively, of the consolidated total assets; the operating revenue of those subsidiaries constituted 5.58% and 6.25%, respectively, of the consolidated operating revenue; the investments accounted for using equity method constituted 2.20% and 2.08%, respectively, of the consolidated total assets; and the share of profit of associates accounted for using equity method constituted 6.89% and 3.05%, respectively, of the consolidated profit before income tax.

CHENG LOONG CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with other matter paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

Evaluation of inventories

Please refer to note 4(h) for the accounting policy for "Inventories", note 5 for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(e) for the details and related expenses for "Inventories".

Description of key audit matter:

Inventories of the Group are measured at the lower of cost and net realizable value. Due to the rapid transformation of economic environment and the fact that paper prices are directly affected by the international raw materials market, there is a risk that the cost of the inventory would be higher than its net realizable value. Furthermore, the estimation of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty.

How the matter was addressed in our audit:

Understanding the policies of evaluating the allowance and obsolescence of the inventories of the Group; inspecting whether existing inventory policies are applied; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate; sampling the price variation or inventories sold in the subsequent period and understanding the sales price used by the management to access whether the net realizable value and the allowance for inventories are reasonable.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 7,361,090	11	7,075,052	11
1170	Notes and accounts receivable, net (notes 6(c) and (u))	6,015,980	8	6,774,820	10
1180	Notes and accounts receivable–related parties, net (notes 6(c), (u) and 7)	403,473	1	723,106	1
1206	Other receivables (notes 6(d), 7 and 12)	29,456	-	987,041	1
1310	Inventories, net (note 6(e))	6,359,188	9	5,931,287	9
1320	Construction in progress and building for sale (note 6(f))	3,007,952	4	2,710,756	4
1479	Other current assets (note 6(b))	2,003,964	3	1,684,419	3
		25,181,103	36	25,886,481	39
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income–non-current (note 6(b))	566,790	1	658,046	1
1550	Investments accounted for using equity method (notes 6(g) and 7)	1,572,590	2	1,365,176	2
1600	Property, plant and equipment (notes 6(k), 7 and 8)	38,152,595	54	33,871,492	51
1755	Right-of-use assets (notes 6(l), 7 and 8)	2,524,635	4	2,298,780	3
1760	Investment property, net (notes 6(m) and 8)	1,220,629	2	1,313,226	2
1840	Deferred tax assets (note 6(r))	555,496	1	637,549	1
1990	Other non-current assets	236,642	-	409,575	1
		44,829,377	64	40,553,844	61
	Total assets	**$ 70,010,480**	**100**	**66,440,325**	**100**

See accompanying notes to consolidated financial statements.

	Liabilities and equity	December 31, 2022 Amount		%	December 31, 2021 Amount	%
	Current liabilities:					
2100	Short-term borrowings (note 6(n))	$	4,130,859	6	5,092,443	7
2170	Notes and accounts payable		6,326,444	9	5,846,371	9
2180	Notes and accounts payable–related parties (note 7)		351,816	-	389,620	1
2280	Current lease liabilities (notes 6(o) and 7)		93,366	-	65,704	-
2320	Current portion of long-term borrowings (note 6(n))		1,401,337	2	2,026,641	3
2399	Other current liabilities (notes 6(b), (f), (u) and 7)		4,136,696	6	4,495,259	7
			16,440,518	23	17,916,038	27
	Non-Current liabilities:					
2540	Long-term borrowings (note 6(n))		21,584,572	31	16,655,389	25
2570	Deferred tax liabilities (note 6(r))		1,257,607	2	1,441,250	2
2580	Non-current lease liabilities (notes 6(o) and 7)		757,679	1	753,046	1
2640	Net defined benefit liability(note 6(q))		100,922	-	758,989	1
2670	Other non-current liabilities		571,401	1	515,408	1
			24,272,181	35	20,124,082	30
	Total liabilities		40,712,699	58	38,040,120	57
	Equity attributable to owners of parent:					
3100	Capital stock (note 6(s))		11,082,745	16	11,082,745	17
3200	Capital surplus (notes 6(h) and (s))		1,157,532	2	1,157,532	2
3310	Legal reserve (note 6(s))		3,871,782	6	3,485,170	5
3320	Special reserve (note 6(s))		1,636,282	2	1,589,982	2
3350	Unappropriated retained earnings (notes 6(b) and (s))		12,048,748	17	11,575,045	17
3410	Exchange differences on translation of foreign financial statements		(1,787,408)	(2)	(2,095,698)	(3)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		334,091	-	459,416	1
	Total equity attributable to owners of parent		28,343,772	41	27,254,192	41
36XX	**Non-controlling interests** (notes 6(h) and (j))		954,009	1	1,146,013	2
	Total equity		29,297,781	42	28,400,205	43
	Total liabilities and equity	**$**	**70,010,480**	**100**	**66,440,325**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(p), (u) and 7)**	$ 43,921,728	100	44,986,090	100
5000	**Operating costs (notes 6(e), (q), (v), 7 and 12)**	36,588,956	83	34,783,398	77
	Gross profit from operations	7,332,772	17	10,202,692	23
	Operating expenses (notes 6(c), (o), (q), (v), 7 and 12):				
6100	Selling expenses	2,958,635	7	2,954,187	7
6200	Administrative expenses	2,593,001	6	2,523,759	6
6300	Research and development expenses	119,242	-	116,833	-
6450	Expected credit losses	4,301	-	33,506	-
		5,675,179	13	5,628,285	13
	Net operating income	1,657,593	4	4,574,407	10
	Non-operating income and expenses:				
7010	Other income (notes 6(w) and 7)	1,168,324	3	201,280	1
7020	Other gains and losses, net (notes 6(d), (k), (w) and 7)	617,159	1	146,719	-
7050	Finance costs (notes 6(f), (k), (o), (w) and 7)	(466,599)	(1)	(299,627)	(1)
7060	Share of profit of associates accounted for using equity method (note 6(g))	220,483	-	151,923	-
7225	Gains on disposal of investments (note 6(i))	-	-	212,873	1
		1,539,367	3	413,168	1
	Profit before income tax	3,196,960	7	4,987,575	11
7950	**Less: Income tax expenses (note 6(r))**	487,471	1	976,087	2
	Profit	2,709,489	6	4,011,488	9
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans after income tax (notes 6(q) and (r))	487,302	1	(140,452)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(62,291)	-	122,594	-
8320	Share of other comprehensive income of associates accounted for using equity method	(57,465)	-	34,099	-
	Items that may not be reclassified subsequently to profit or loss	367,546	1	16,241	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	368,250	1	(173,332)	-
8370	Share of other comprehensive income of associates accounted for using equity method	59,904	-	(13,195)	-
8399	Income tax related to items that may be reclassified to profit or loss (note 6(r))	(77,073)	-	40,061	-
	Items that may be reclassified subsequently to profit or loss	351,081	1	(146,466)	-
8300	**Other comprehensive income (loss)**	718,627	2	(130,225)	-
	Comprehensive income	**$ 3,428,116**	**8**	**3,881,263**	**9**
	Profit, attributable to:				
8610	Owners of parent	$ 2,520,098	6	3,963,422	9
8620	Non-controlling interests	189,391	-	48,066	-
		$ 2,709,489	**6**	**4,011,488**	**9**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 3,195,302	7	3,819,815	9
8720	Non-controlling interests	232,814	1	61,448	-
		$ 3,428,116	**8**	**3,881,263**	**9**
	Earnings per share (note 6(t))				
9750	**Basic earnings per share (NT dollars)**	**$**	**2.27**		**3.58**
9850	**Diluted earnings per share (NT dollars)**	**$**	**2.27**		**3.57**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings			Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2021	$11,082,745	1,132,062	3,126,808	1,014,000	10,638,168	(1,935,455)	345,473	25,403,801	1,382,755	26,786,556
Profit	-	-	-	-	3,963,422	-	-	3,963,422	48,066	4,011,488
Other comprehensive income	-	-	-	-	(97,307)	(160,243)	113,943	(143,607)	13,382	(130,225)
Total comprehensive income	-	-	-	-	3,866,115	(160,243)	113,943	3,819,815	61,448	3,881,263
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	358,362	-	(358,362)	-	-	-	-	-
Special reserve	-	-	-	575,982	(575,982)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,994,894)	-	-	(1,994,894)	-	(1,994,894)
Difference between consideration and carrying amount of subsidiaries acquired	-	25,470	-	-	-	-	-	25,470	(298,190)	(272,720)
Balance on December 31, 2021	11,082,745	1,157,532	3,485,170	1,589,982	11,575,045	(2,095,698)	459,416	27,254,192	1,146,013	28,400,205
Profit	-	-	-	-	2,520,098	-	-	2,520,098	189,391	2,709,489
Other comprehensive income	-	-	-	-	489,273	308,290	(122,359)	675,204	43,423	718,627
Total comprehensive income	-	-	-	-	3,009,371	308,290	(122,359)	3,195,302	232,814	3,428,116
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	386,612	-	(386,612)	-	-	-	-	-
Special reserve	-	-	-	46,300	(46,300)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,105,722)	-	-	(2,105,722)	-	(2,105,722)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(234,659)	(234,659)
Capital reduction from subsidiaries	-	-	-	-	-	-	-	-	(190,159)	(190,159)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	2,966	-	(2,966)	-	-	-
Balance on December 31, 2022	**$11,082,745**	**1,157,532**	**3,871,782**	**1,636,282**	**12,048,748**	**(1,787,408)**	**334,091**	**28,343,772**	**954,009**	**29,297,781**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before income tax	$ 3,196,960	4,987,575
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	2,959,911	2,776,377
Expected credit losses (reversal of expected credit losses)	(252,127)	33,506
Net gains on financial assets and liabilities at fair value through profit or loss	(7,590)	(6,570)
Interest expense	466,599	299,627
Interest income	(846,346)	(33,957)
Dividend income	(35,228)	(30,423)
Share of profit of associates accounted for using equity method	(220,483)	(151,923)
Loss (gain) on disposal of property, plant and equipment	(22,951)	1,438
Impairment loss on property, plant and equipment	-	33,110
Gain on disposal of investment properties	(703)	-
Gain on disposal of right-of-use assets	-	(113,388)
Gain on disposal of investments	-	(212,873)
Total adjustments to reconcile profit (loss)	2,041,082	2,594,924
Changes in operating assets and liabilities:		
Notes and accounts receivable	753,176	(1,135,129)
Notes and accounts receivable–related parties	319,633	(20,518)
Other receivables	(54,451)	17,672
Inventories	(427,901)	(1,587,817)
Construction in progress and building for sale	(297,196)	462,308
Other current assets	(334,365)	(258,583)
Notes and accounts payable	480,073	492,222
Notes and accounts payable–related parties	(37,804)	13,153
Other current liabilities	(366,373)	(389,121)
Net defined benefit liability and other non-current liabilities	(115,046)	(589,205)
Total adjustments	1,960,828	(400,094)
Cash inflow generated from operations	5,157,788	4,587,481
Interest received	846,346	33,951
Cash dividends received	111,011	100,705
Interest paid	(419,366)	(294,876)
Income taxes paid	(792,792)	(740,165)
Net cash flows from operating activities	4,902,987	3,687,096
Cash flows from (used in) investing activities:		
Acquisition of right-of-use assets	(9,186)	-
Proceeds from disposal of right-of-use assets	-	118,703
Acquisition of investments accounted for using equity method	(60,270)	-
Acquisition of property, plant and equipment	(7,085,113)	(6,874,833)
Proceeds from disposal of property, plant and equipment	53,774	42,342
Proceeds from disposal of investment properties	2,402	-
Decrease (increase) in other non-current assets	(19,538)	132,984
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,965	-
Proceeds from disposal of subsidiaries in the previous year	1,251,220	-
Proceeds from disposal of subsidiaries (subsidiaries' cash deducted)	-	339,633
Net cash flows used in investing activities	(5,837,746)	(6,241,171)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(961,584)	(31,002)
Increase in long-term borrowings	4,303,879	4,011,672
Cash dividends paid	(2,105,722)	(1,994,894)
Subsidiaries' capital reduction to non-controlling interests	(190,159)	-
Payment of lease liabilities	(69,476)	(73,145)
Change in non-controlling interests	(234,659)	(272,720)
Net cash flows from financing activities	742,279	1,639,911
Effect of exchange rate changes on cash and cash equivalents	478,518	245,156
Net increase (decrease) in cash and cash equivalents	286,038	(669,008)
Cash and cash equivalents at beginning of year	7,075,052	7,744,060
Cash and cash equivalents at end of year	**$ 7,361,090**	**7,075,052**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CHENG LOONG CORPORATION (the “Corporation”) was incorporated on February 4, 1959. The address of the Corporation’s registered office is No. 1, Min Sheng Rd., Sec. 1, Banqiao Dist., New Taipei City. On November 1, 2004, the Corporation merged with Tien Long Paper Manufacturing Co., Ltd. and on January 1, 2015, merged with Shan Fu Paper Co., Ltd. The consolidated financial statements of the Corporation as of and for the years ended December 31, 2022, comprise the Corporation and its subsidiaries (“the Group”).

The main activities of the Group include:

(a) the manufacturing and sale of paper products;

(b) the manufacturing and sale of materials for paper products;

(c) the manufacturing and sale of corrugated carton and paper-related products; and

(d) the building of residential and commercial premises for rent and sale in partnership with construction companies.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment–Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRSs issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) The impact of IFRSs issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC ("the IFRSs endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;
2) Financial assets at fair value through other comprehensive income are measured at fair value;
3) Hedging financial instruments are measured at fair value;
4) The defined benefit liability is recognized as the fair value of plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Corporation’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Corporation and subsidiaries. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements. Profit or loss of subsidiaries is allocated to the Group and non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group’s share of net assets before and after the change and any consideration received or paid are adjusted to equity attributable to stockholders of the Corporation.

When the Group loses control of a subsidiary, it shall derecognize assets (including goodwill), liabilities and non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost; and shall remeasure the investment retained in the former subsidiary at its fair value at the date when control is lost. The gain or loss arising from derecognition is the difference between: (1) the total amounts of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost; and (2) the total amounts of the assets (including goodwill), liabilities and non-controlling interests of the subsidiary at their carrying amounts at the date when control is lost. The Group shall account for all amounts previously recognized in other comprehensive income, in relation to that subsidiary, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Percentage of shareholding December 31, 2022	Percentage of shareholding December 31, 2021	Description
The Corporation	GemTech Optoelectronics Corp. (GemTech)	Manufacture and Installation of Electronic Components, Optical Instruments, Glass Products, and Precision Instruments	59.13%	59.13%	
The Corporation	Vina Tawana Container Co., Ltd. (Vina)	Manufacture and Sale of Corrugated Cardboard, Kraft Linerboard and Display Boxes	100.00%	100.00%	
The Corporation	Omis International Holdings Limited (Omis Holdings)	Investment	100.00%	100.00%	
Omis Holding	Chung Loong Paper Holdings Limited (Chung Loong Holdings)	Investment	84.18%	84.18%	
Chung Loong Holdings	1. Winvantage Corporation (Winvantage)	Investment	100.00%	100.00%	
Chung Loong Holdings	2. Scorpion Perfect Investments Ltd. (Scorpion)	Investment	100.00%	100.00%	
Scorpion	Hong Kong Chung Hao Limited (H.K. Chung Hao)	Investment	100.00%	100.00%	
H.K. Chung Hao	(1) Qingdao Chung Loong Paper Co., Ltd. (Qingdao Chung Loong)	Cardboard, Paper Boxes and Paper Products	100.00%	100.00%	
H.K. Chung Hao	(2) Zhangzhou Cheng Loong Paper Co., Ltd. (Zhangzhou Cheng Loong)	Cardboard, Paper Boxes and Paper Products	100.00%	100.00%	
H.K Chung Hao and Suzhou Cheng Loong	Shanghai Chung Hao Paper Co., Ltd. (Shanghai Chung Hao)	Paper Containers, Household Papers and Core Papers	100.00%	100.00%	
H.K. Chung Hao and Cheng Loong (Gwangtung)	(1) Chengdu Cheng Loong Packing Products Co., Ltd. (Chengdu Cheng Loong)	Corrugated Cardboard, Paper Boxes, Paper Pallets and Paper Products	100.00%	100.00%	
H.K. Chung Hao and Cheng Loong (Gwangtung)	(2) Henan Cheng Loong Packing Products Co., Ltd. (Henan Cheng Loong)	Corrugated Cardboard and Packaging Products	100.00%	100.00%	
H.K. Chung Hao and Cheng Loong (Gwangtung)	(3) Chong Qing Cheng Loong Paper Co., Ltd. (Chong Qing Cheng Loong)	Corrugated Cardboard, Corrugated Boxes, Display Boxes, Paper pallets and Paper Products	80.00%	80.00%	
Chung Loong Holdings	3. Shan Fu Investment Co., Ltd. (Shan Fu)	Investment	100.00%	100.00%	
Shan Fu	Hong Kong Shan Fu Limited (H.K. Shan Fu)	Investment	100.00%	100.00%	
H.K. Shan Fu	Shan Fu Paper (Kunsan) Co., Ltd. (Shan Fu Kunsan)	Corrugated Paper Boxes, Cardboard and Paper Products	100.00%	100.00%	
Chung Loong Holdings	4. Cheng Loong (Suzhou) Investment Co., Ltd. (Cheng Loong (Suzhou))	Investment	100.00%	100.00%	
Cheng Loong (Suzhou)	Hong Kong Su Loong Limited (H.K. Su Loong)	Investment	100.00%	100.00%	
H.K. Su Loong	Suzhou Cheng Loong Paper Co., Ltd. (Suzhou Cheng Loong)	Cardboard	100.00%	100.00%	
Chung Loong Holdings	5. Cheng Loong (Gwangtung) Investment Co., Ltd. (Cheng Loong (Gwangtung) Investment)	Investment	100.00%	100.00%	
Cheng Loong (Gwangtung) Investment	Hong Kong Gwang Loong Limited (H.K. Gwang Loong)	Investment	100.00%	100.00%	
H.K. Gwang Loong and Suzhou Cheng Loong	Cheng Loong (Gwangtung) Paper Co., Ltd. (Cheng Loong (Gwangtung))	Cardboard	100.00%	100.00%	
Cheng Loong (Gwangtung)	Dongguan Ming Loong Paper Co., Ltd. (Dongguan Ming Loong Paper)	Corrugated Cardboard, Corrugated Boxes, Paper Pallets, Paper products, Foam, Anti Static Bubble Bags, Plastic buffer Packaging Materials and Packaging Decoration Printing	100.00%	100.00%	
Chung Loong Holdings	6. Cheng Loong (Hangzhou) Investment Co., Ltd. (Cheng Loong (Hangzhou))	Investment	100.00%	100.00%	

Name of investor	Name of subsidiary	Principal activity	Percentage of shareholding December 31, 2022	Percentage of shareholding December 31, 2021	Description
Chung Loong Holdings	7. Loong Fu Investment Co., Ltd. (Loong Fu)	Investment	100.00%	100.00%	
Loong Fu	Hong Kong Loong Fu Limited (H.K. Loong Fu)	Investment	100.00%	100.00%	
Chung Loong Holdings	8. Chung Ming International Limited (Chung Ming)	Investment	100.00%	100.00%	
Chung Ming	CorAsia Corp.(CAC)	Design of Paper Boxes	100.00%	100.00%	
The Corporation	Cheng Loong Southeast Asia Holding Co., Ltd. (Southeast Asia Holding)	Investment	100.00%	100.00%	
Southeast Asia Holding	1. Cheng Loong Vietnam Investment Co., Ltd. (Cheng Loong (Vietnam))	Investment	100.00%	100.00%	
Cheng Loong (Vietnam)	(1) Cheng Loong Binh Duong Container Co., Ltd. (Cheng Loong (Binh Duong))	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes	100.00%	100.00%	
Cheng Loong (Vietnam)	(2) Cheng Loong Long An Container Co., Ltd. (Cheng Loong (Long An))	Manufacture and Sale of Corrugated Boxes	100.00%	100.00%	
Cheng Loong (Vietnam)	(3) Cheng Loong Bac Giang Company Limited (Bac Giang)	Manufacture of Advanced Packaging for Electronic Products and Tissue, Carton, Wrapping paper , Pallets for Export, Separator, Other Paper Products, Lithographic and Flexographic packaging	100.00%	100.00%	
Cheng Loong (Vietnam)	(4) Cheng Loong Ben Cat Company Limited (Ben Cat)	Corrugated Medium, Corrugated Paper, Paper and Cardboard Packaging	100.00%	100.00%	
Southeast Asia Holding	2. Cheng Loong Indonesia Investment Co., Ltd. (Cheng Loong (Indonesia))	Investment	100.00%	100.00%	
Southeast Asia Holding and Cheng Loong (Indonesia)	CL Jakarta Container, PT (CL Jakarta)	Cardboard and Paper Products	100.00%	100.00%	
Southeast Asia Holding	3. Cheng Loong Vietnam Paper Investment Co., Ltd. (Cheng Loong (Vietnam) Paper)	Investment	100.00%	100.00%	
Cheng Loong (Vietnam) Paper	Cheng Loong Binh Duong Paper Co., Ltd. (Cheng Loong (Binh Duong) Paper)	Manufacture of Industrial and Household Paper	100.00%	100.00%	
Cheng Loong (Binh Duong) Paper	Chinh Loong Co., Ltd. (Chinh Loong)	Water treatment, Sewage treatment, maintenance and technical repairment	99.00%	99.00%	

(d) Foreign currency transactions

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss, except for the difference relating to an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to New Taiwan dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Taiwan dollars at the average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only a part of investment in an associate or joint venture that includes a foreign operation, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, or has other restrictions.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

The Group is engaged in renting and selling of subcontracted buildings for residential and commercial purposes, with an operating cycle of generally more than one year. The classification of current and non-current assets and liabilities related to the construction business is based on the operating cycle.

(f) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Time deposits that meet the above definition and are held for the purpose of meeting short-term commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value, plus transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") – equity investment and fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) FVOCI–equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets, etc.).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 91 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 181 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 181 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

(i) Manufacturing

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Construction

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition, and capitalization of interest.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses,

1) Construction in progress: Estimated market selling price, less the estimated costs of completion and selling expenses until construction is completed.
2) Building for sale: Estimated market selling price, less the estimated costs of building for sale and selling expenses.

(i) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. When an associate has a change in equity that does not result from profit and loss or from other comprehensive income and loss and there are no effects on the Group's percentage of ownership of the associate, the Group records the change in equity of the associate attributed to the Group's share as capital surplus.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated party's interests in the associate.

When the Group's share of losses equals or exceeds its interest in an associate, the recognition of further losses is discontinued except to the extent that the Group has a legal or constructive obligation or has made payments on behalf of the associate.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

Property is reclassified to investment property at its carrying amount when the use of the property changes from private to investment use.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 10~55 years
2) Machinery: 3~30 years
3) Transportation and miscellaneous equipment: 3~10 years
4) Rental assets: 15~50 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) amounts expected to be payable under a residual value guarantee; and
4) payments for purchase or termination options that are reasonably certain to be exercised or penalty should be paid.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or
2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
4) there is a change of its assessment on whether it will exercise a extension or termination option; or
5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
3) any reduction in lease payments that affects only those payments originally due on, or before June 30, 2022; and
4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(m) Impairment – non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, construction in progress and building for sale and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

For other assets, except for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expenses.

(i) Site restoration

In accordance with the lease contracts, the Group has an obligation to restore plants and offices. The provision is measured at the discounted value of the estimated recovery costs at the end of the lease, and is amortized throughout the lease term.

(ii) Allowance for sales discounts

The provision of allowance for sales discounts is estimated based on historical experience and the probability of giving the discounts, and is recognized when the sales are recognized.

(o) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures paper products and sales them to customers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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, the acceptance provisions have lapsed, or the

Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Sale of buildings

The Group entrusts a construction company to build residential and commercial buildings for sale. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to their contractual restrictions. Therefore, the related revenue is recognized at a point in time when the buildings and their legal title have been transferred to the customer.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or
2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected

to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group discloses the Corporation's basic and diluted earnings per share attributable to ordinary shareholders of the Corporation. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Corporation divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Corporation divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing the consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in accounting estimates during the period and the impact of the changes in accounting estimates in the next period.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding control of subsidiaries

(a) The Group holds 41.33% of the outstanding voting shares of Ta-Yuan Cogeneration Co., Ltd. ("Ta-Yuan Cogeneration") and its representative has been selected as a director in the Board. The second largest shareholder, Taiwan Co-generation Co., Ltd., holds 29.31% of the outstanding voting shares and its representatives have been selected as two of directors (including the chairman) in the Board. The Group cannot obtain more than half of the total number of Ta-Yuan Cogeneration' s directors and it has no absolute right and influence on Ta-Yuan Cogeneration's main operational activities. Therefore, it is determined that the Group has significant influence on Ta-Yuan Cogeneration.

(b) The Group holds 34.03% of the outstanding voting shares of Tzeng Long USA Inc. ("Tzeng Long USA") and is the single largest shareholder of the investee. Although the remaining 65.97% of Tzeng Long USA's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Tzeng Long USA's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Tzeng Long USA.

(c) The Group holds 45.00% of the outstanding voting shares of Shin Loong Lifecare Corp. ("Shin Loong Lifecare") and is the single largest shareholder of the investee. Although the remaining 55.00% of Shin Loong Lifecare's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Shin Loong Lifecare's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Shin Loong Lifecare.

(d) The Group holds 34.62% of the outstanding voting shares of Cheng Loong Investment Co., Ltd. ("Cheng Loong Investment") and is the single largest shareholder of the investee. Although the remaining 65.38% of Cheng Loong Investment's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Cheng Loong Investment's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Cheng Loong Investment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Group estimates the amount due to inventories' obsolescence and unmarketable items at the reporting date and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for the valuation of inventories.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit and loss. The Group has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Group assessed the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3:inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If there is any movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3, the Group recognizes the movement at the reporting date.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 3,226	3,062
Demand deposits	3,915,039	3,840,194
Checking deposits	593,722	543,223
Time deposits	2,544,859	2,456,807
Commercial paper	304,244	231,766
	$ 7,361,090	**7,075,052**

(b) Financial assets and liabilities at FVTPL/FVOCI

	December 31, 2022	December 31, 2021
Financial assets (liabilities) at FVTPL		
Interest rate swaps	$ 5,207	(2,402)
Open-end funds	3,967	-
	$ 9,174	**(2,402)**
Financial assets at FVOCI		
Stocks listed in domestic market	$ 469,332	546,332
Stocks unlisted in domestic market	97,458	111,714
	$ 566,790	**658,046**

(i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.

(ii) The Group sold 2,700 thousand of its shares in O-Bank Co., Ltd. with the fair value of $28,965 thousand, resulting in the gain of $2,966 thousand for the year ended December 31, 2022. Gain had been recognized as other equity interest, and later on, reclassified to retained earnings.

(iii) To hedge certain risks arising from its financial activities, the Group entered into contracts with banks for non-deliverable interest rate swaps. For related financial activities, please refer to note 6(n).The Group held the following derivative instruments that did not qualify for hedge accounting, presented as held-for-trading financial assets and liabilities:

December 31, 2022				
Notional principal (in thousands)		Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD	300,000	2027.01.18~2027.01.21	90-day CP	0.88%~0.91%

December 31, 2021				
Notional principal (in thousands)		Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD	1,200,000	2022.02.21~2022.06.02	90-day CP	0.94%~1.15%

(iv) As of December 31, 2022 and 2021, the Group did not provide any of the aforementioned financial assets as collateral.

(c) Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable	$ 672,630	790,748
Accounts receivable	5,434,311	6,084,295
Accounts receivable–related parties	403,473	723,106
Less: Loss allowance	(90,961)	(100,223)
	$ 6,419,453	**7,497,926**

(i) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer’s ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information. The ECL allowance provision analysis was as follows:

	December 31, 2022			
	Carrying amount of notes and accounts receivable		Lifetime weighted-average ECL rate	Loss allowance provision of lifetime ECL
Current	$	5,975,849	0.45%	26,954
Overdue 1 to 30 days		488,290	8.02%	39,174
Overdue 31 to 90 days		21,218	18.42%	3,909
Overdue 91 to 180 days		8,053	48.68%	3,920
Overdue more than 181 days		17,004	100.00%	17,004
	$	**6,510,414**		**90,961**

	December 31, 2021			
	Carrying amount of notes and accounts receivable		Lifetime weighted-average ECL rate	Loss allowance provision of lifetime ECL
Current	$	7,052,991	0.35%	24,509
Overdue 1 to 30 days		498,841	8.16%	40,705
Overdue 31 to 90 days		9,956	16.44%	1,637
Overdue 91 to 180 days		5,040	40.69%	2,051
Overdue more than 181 days		31,321	100.00%	31,321
	$	**7,598,149**		**100,223**

(ii) The movement in the allowance for notes and accounts receivable were as follows:

	2022		2021
Balance on January 1	$	100,223	70,179
Impairment losses recognized		4,301	33,506
Amounts written off		(14,926)	(690)
Effect of exchange rate changes		1,363	(2,772)
Balance on December 31	**$**	**90,961**	**100,223**

(iii) As of December 31, 2022 and 2021, the Group did not provide any notes and accounts receivable as collateral.

(d) Other Receivables

	December 31, 2022		December 31, 2021
Other receivable – Winvantage sold subsidiaries	$	-	1,164,994
Others		29,456	61,264
Less: Loss allowance		-	(239,217)
	$	**29,456**	**987,041**

(i) The details of the arbitration regarding to equity transaction sold subsidiaries by the Group, please refer to note 12(b).

(ii) The movement in the allowance for other receivable was as follows:

	2022	2021
Balance on January 1	$ 239,217	242,854
Impairment losses reversed	(256,428)	-
Effect of exchange rate changes	17,211	(3,637)
Balance on December 31	**$ -**	**239,217**

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials in transit	$ 755,697	756,143
Raw materials	2,833,386	2,438,475
Semi-finished goods and work in process	1,608,082	1,823,044
Finished goods	1,162,023	913,625
	$ 6,359,188	**5,931,287**

(i) For the years ended December 31, 2022 and 2021, inventory costs of the Group recognized as cost of sales amounted to $36,222,605 thousand and $33,926,408 thousand, respectively. For the years ended December 31, 2022 and 2021, the write-down of inventories amounted to $132,612 thousand and $13,769 thousand, respectively. The write-downs are included in cost of sales.

(ii) As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

(f) Construction in progress and building for sale

The Group entered into agreements with a construction company to build residential and commercial premises for rent and sale. The details of construction in progress and building for sale were as follows:

	Construction in progress and building for sale		Advance received on real estate contracts	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cheng Loong Tien Dee – building for sale	$ 27,245	27,245	-	-
Beitou Lee Tse – building for sale	49,304	49,304	-	-
Roosevelt Road – building for sale	212,513	380,941	37,521	175,480
Raohe Street – building for sale	35,647	35,647	-	-
Hang Jhou South Road – construction in progress	2,556,173	2,102,945	807,944	599,889
Sanchong – construction in progress	19,251	18,647	-	-
Nanchang Road – construction in progress	107,819	95,747	-	-
Chengde Road – construction in progress	-	280	-	-
	$ 3,007,952	**2,710,756**	**845,465**	**775,369**

The capitalized interest and interest rate for construction in progress were as follows:

	2022	2021
Capitalized interest	**$ 22,679**	**15,091**
Capitalized interest rate	**1.13%~1.69%**	**1.02%~1.06%**

(g) Investments accounted for using equity method

Investments in associates companies accounted for using the equity method were as follows:

	December 31, 2022	December 31, 2021
Associates	$ 1,588,615	1,381,201
Less: allowance for impairment losses	(16,025)	(16,025)
	$ 1,572,590	**1,365,176**

(i) Associates that were material to the Group were as follows:

The name of the associate	Principle activity	Main operating location / Registered country of the Company	Percentage of shareholding and voting rights December 31, 2022	Percentage of shareholding and voting rights December 31, 2021
Ta-Yuan Cogeneration	Engaged in the management of cogeneration	Taiwan	41.33%	41.06%
Tzeng Long USA	Paper trading	U.S.A.	34.03%	34.03%

(ii) The fair value of the listed (TPEx) associate that was material to the Group was as follows:

	December 31, 2022	December 31, 2021
Ta-Yuan Cogeneration	**$ 2,102,263**	**1,596,398**

(iii) Summarized financial information for each associate that was material to the Group is as follows. The financial information of the associates prepared in accordance with the IFRSs endorsed by the FSC reflects the adjustments of fair value and differences in accounting policies.

1) Ta-Yuan Cogeneration:

	December 31, 2022	December 31, 2021
Current assets	$ 1,108,306	1,148,317
Non-current assets	3,346,935	3,267,568
Current liabilities	(774,010)	(388,410)
Non-current liabilities	(1,504,106)	(1,983,531)
Net assets	**$ 2,177,125**	**2,043,944**
Net assets attributable to owners of parent	**$ 2,177,125**	**2,043,944**

	2022	2021
Operating revenues	$ **2,861,008**	**1,997,736**
Profit	$ 368,069	170,371
Other comprehensive income (loss)	(51,506)	54,968
Comprehensive income	$ **316,563**	**225,339**
Comprehensive income attributable to owners of parent	$ **316,563**	**225,339**

	2022	2021
Beginning balance of the Group's share of net assets	$ 839,243	817,001
Group's share of net assets on acquisition	5,473	-
Group's share of other comprehensive income	130,873	92,524
Dividends received from the associate	(75,783)	(70,282)
Ending balance of the Group's share of net assets	899,806	839,243
Less: Elimination of deferred unrealized gain on downstream sales of land and others	(84,839)	(89,345)
Investment in associate on December 31	$ **814,967**	**749,898**

2) Tzeng Long USA:

	December 31, 2022	December 31, 2021
Current assets	$ 1,389,975	1,187,198
Non-current assets	235,594	169,766
Current liabilities	(119,729)	(203,547)
Non-current liabilities	(22,272)	(12,499)
Net assets	$ **1,483,568**	**1,140,918**
Net assets attributable to owners of parent	$ **1,483,568**	**1,140,918**

	2022	2021
Operating revenues	$ **2,576,875**	**2,330,229**
Profit	$ 166,617	209,546
Other comprehensive income (loss)	176,033	(38,777)
Comprehensive income	$ **342,650**	**170,769**
Comprehensive income attributable to owners of parent	$ **342,650**	**170,769**

	2022	2021
Beginning balance of the Group's share of net assets	$ 388,255	330,142
Group's share of other comprehensive income	116,603	58,113
Ending balance of the Group's share of net assets	$ **504,858**	**388,255**
Investment in associate on December 31	$ **504,858**	**388,255**

3) Summarized financial information about individually immaterial associates:

Summarized financial information in aggregate for all individually immaterial associates of the Group accounted for using the equity method is as follows. The amounts are included in the investment accounted for using the equity method in the Group's consolidated financial statements.

	December 31, 2022	December 31, 2021
Carrying amount in aggregate for all individually immaterial associates	**$ 252,765**	**227,023**

The aggregate amount of the Group's share of those associates:

	2022	2021
Profit	$ 11,786	10,656
Other comprehensive income (loss)	(36,335)	11,535
Comprehensive income	**$ (24,549)**	**22,191**

(iv) As of December 31, 2022 and 2021, the aforementioned investments were not provided as collateral.

(v) Tzeng Long USA is an associate of the Group in the United States of America with financial statements having September 30 as the year-end date; the same date is used by the Group to apply the equity method to this associate.

(h) Non-controlling interests acquired

Based on the Group's operational consideration, the Board of Directors resolved to acquire 2,996 thousand shares of Chung Loong Holdings from other investors including TYC International Limited, a subsidiary of Ta-Yuan Cogeneration, in August 2021. The price per share was USD3.26 and the total consideration was USD9,768 thousand (NTD272,720 thousand). The transaction price was determined by both parties and the Group engaged another Certified Public Accountant to provide an opinion regarding its reasonableness. The amendment of registration of this equity transaction had been completed, and the Group's percentage of ownership in Chung Loong Holdings had increased from 79.71% to 84.18% as a result of the above transaction.

The change in the Group's shares of Chung Loong Holdings has impacted the parent company's equity as follows:

Carrying amount of non-controlling interests on acquisition	$ 298,190
Consideration paid to non-controlling interests	(272,720)
Capital surplus – differences between the consideration and the carrying amounts of subsidiaries acquired	**$ 25,470**

For related related-party transactions, please refer to note 7(b).

(i) Loss control of subsidiaries

In July 2021, the Board of Directors of H.K. Loong Fu and Shanghai Chung Hao, both subsidiaries of the Group, resolved to sell 85% and 15% of their shares, respectively, in Loong Fu Kunsan to Kunshan Suyu Paper Products Co., Ltd., at the consideration amounts of CNY68,000 thousand and CNY12,000 thousand, respectively, totaling CNY80,000 thousand. The amendment of registration was completed in the third quarter of 2021. The gain on disposal amounting to $212,873 thousand, recorded as gain on disposal of investment, was calculated based on the proceeds deducted from the book value and the cumulative translation adjustments. As of December 31, 2021, the receivables for the transaction were fully received.

The carrying amounts of assets and liabilities of Loong Fu Kunsan on August 6, 2021 (equity delivery date) were as follows:

Cash and cash equivalents	$	2,820
Other current assets		291
Property, plant and equipment		91,569
Right-of-use assets		12,789
Other current liabilities		(326)
Net assets of former subsidiary	**$**	**107,143**

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiaries	Main operating location / Registered country of the Company	Percentage of non-controlling interests and voting rights December 31, 2022	Percentage of non-controlling interests and voting rights December 31, 2021
Chung Loong Holdings	Cayman Islands	15.82%	15.82%

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information prepared in accordance with the IFRSs endorsed by the FSC reflects the adjustments of fair value and differences in accounting policies. It represents amounts before intragroup eliminations.

Summarized financial information of Chung Loong Holdings:

		December 31, 2022	December 31, 2021
Current assets	$	6,855,173	7,686,283
Non-current assets		2,554,844	2,894,702
Current liabilities		(3,744,615)	(3,697,924)
Non-current liabilities		(169,711)	(173,809)
Net assets	**$**	**5,495,691**	**6,709,252**
Non-controlling interests	**$**	**799,898**	**1,003,864**

	2022	2021
Operating revenues	$ **7,439,849**	**6,716,345**
Profit	1,172,287	255,340
Other comprehensive income	275,624	74,641
Comprehensive income	$ **1,447,911**	**329,981**
Profit attributable to non-controlling interests	$ **174,217**	**39,543**
Comprehensive income attributable to non-controlling interests	$ **216,992**	**53,318**
Cash flows from (used in) operating activities	$ 1,422,838	(567,526)
Cash flows from investing activities	1,246,111	391,489
Cash flows used in financing activities	(2,682,366)	(283,856)
Effect of exchange rate changes	228,552	67,177
Net increase (decrease) in cash and cash equivalents	$ **215,135**	**(392,716)**
Capital reduction to non-controlling interests	$ **190,159**	**-**
Dividends paid to non-controlling interests	$ **230,799**	**-**

(k) Property, plant and equipment

Movements of the cost, accumulated depreciation, and impairment of property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Rental assets	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2022	$ 6,476,952	13,256,128	42,037,692	3,710,757	468,099	6,740,254	72,689,882
Additions	33,835	4,035	19,032	72,582	-	7,033,273	7,162,757
Disposals	-	(31,473)	(947,715)	(55,757)	-	-	(1,034,945)
Reclassification	68,813	82,989	1,132,601	145,377	-	(1,409,772)	20,008
Reclassification from investment property	3,239	84,316	-	-	-	-	87,555
Reclassification to investment property	(570)	(13,514)	-	-	-	-	(14,084)
Effect of exchange rate changes	880	166,107	281,475	38,507	-	(605,521)	(118,552)
Balance on December 31, 2022	**$ 6,583,149**	**13,548,588**	**42,523,085**	**3,911,466**	**468,099**	**11,758,234**	**78,792,621**
Balance on January 1, 2021	$ 5,223,392	12,473,180	40,356,783	3,640,291	468,099	4,895,637	67,057,382
Additions	1,130,084	78,449	18,811	123,108	-	5,542,202	6,892,654
Disposals	-	-	(279,321)	(169,940)	-	-	(449,261)
Reclassification	125,270	988,274	1,947,445	116,006	-	(3,060,987)	116,008
Reclassification to investment property	(1,672)	(50,319)	-	-	-	-	(51,991)
Disposal of subsidiaries	-	(252,416)	(23,278)	(1,440)	-	-	(277,134)
Effect of exchange rate changes	(122)	18,960	17,252	2,732	-	(636,598)	(597,776)
Balance on December 31, 2021	**$6,476,952**	**13,256,128**	**42,037,692**	**3,710,757**	**468,099**	**6,740,254**	**72,689,882**

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Rental assets	Construction in progress and testing equipment	Total
Accumulated depreciation and impairment:							
Balance on January 1, 2022	$ -	6,981,263	28,643,746	3,007,814	185,567	-	38,818,390
Depreciation	-	542,180	1,913,970	298,562	9,806	-	2,764,518
Disposals	-	(31,473)	(926,563)	(46,086)	-	-	(1,004,122)
Reclassification from investment property	-	33,349	-	-	-	-	33,349
Reclassification to investment property	-	(5,590)	-	-	-	-	(5,590)
Effect of exchange rate changes	-	27,873	4,599	1,009	-	-	33,481
Balance on December 31, 2022	**$ -**	**7,547,602**	**29,635,752**	**3,261,299**	**195,373**	**-**	**40,640,026**
Balance on January 1, 2021	$ -	6,684,289	27,199,139	2,899,131	175,478	-	36,958,037
Depreciation	-	506,142	1,777,745	296,315	10,089	-	2,590,291
Disposals	-	-	(241,643)	(163,838)	-	-	(405,481)
Reclassification	-	-	3	(162)	-	-	(159)
Impairment loss	-	-	33,110	-	-	-	33,110
Reclassification to investment property	-	(21,495)	-	-	-	-	(21,495)
Disposal of subsidiaries	-	(168,375)	(15,750)	(1,440)	-	-	(185,565)
Effect of exchange rate changes	-	(19,298)	(108,858)	(22,192)	-	-	(150,348)
Balance on December 31, 2021	**$ -**	**6,981,263**	**28,643,746**	**3,007,814**	**185,567**	**-**	**38,818,390**
Carrying amount:							
Balance on December 31, 2022	**$ 6,583,149**	**6,000,986**	**12,887,333**	**650,167**	**272,726**	**11,758,234**	**38,152,595**
Balance on December 31, 2021	**$ 6,476,952**	**6,274,865**	**13,393,946**	**702,943**	**282,532**	**6,740,254**	**33,871,492**
Balance on January 1, 2021	**$ 5,223,392**	**5,788,891**	**13,157,644**	**741,160**	**292,621**	**4,895,637**	**30,099,345**

(i) Because the Group adjusts its production lines to improve product competitiveness, some of the machines are idle. Based on the Group's assessments, the Group had evaluated theirs impairment amounting to $33,110 thousand for the year ended December 31, 2021.

(ii) As of December 31, 2022 and 2021, property, plant and equipment of the Group were pledged as collateral; please refer to note 8.

(iii) As of December 31, 2022 and 2021, the book values of agricultural land bought by the Group for operational use amounted to $1,122,286 thousand and $1,084,068 thousand, respectively. The ownership titles to the land cannot be transferred to the Group. The land has been registered under the name of a trustee, and the Group has signed a contract with the trustee which states the rights and obligations of both parties.

(iv) Property, plant and equipment under construction

As of December 31, 2022 and 2021, the construction in progress amounted to $11,349,062 thousand and $6,548,295 thousand, respectively, including the capitalized borrowing costs.

The capitalized interest and interest rate due to construction in progress were as follows:

	2022	2021
Capitalized interest	$ 224,668	70,244
Capitalized interest rate	1.13%~12.35%	1.02%~4.60%

(l) Right-of-use assets

The Group leases many assets including land, buildings, machinery and transportation equipment. Movements of the cost and accumulated depreciation of right-of-use assets were as follows:

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Total
Cost:					
Balance on January 1, 2022	$ 2,415,095	211,695	895	1,670	2,629,355
Additions	13,707	159,525	-	-	173,232
Lease modification	(63,303)	1,077	-	-	(62,226)
Reclassification	174,529	-	-	-	174,529
Effect of exchange rate changes	66,004	704	-	-	66,708
Balance on December 31, 2022	**$ 2,606,032**	**373,001**	**895**	**1,670**	**2,981,598**
Balance on January 1, 2021	$ 2,327,240	157,780	6,535	3,737	2,495,292
Additions	8,312	57,886	-	-	66,198
Lease modification	(2,112)	(872)	-	-	(2,984)
Disposal	(7,313)	(3,334)	(5,640)	(2,067)	(18,354)
Reclassification from investment property	99,875	-	-	-	99,875
Disposal of subsidiaries	(13,742)	-	-	-	(13,742)
Effect of exchange rate changes	2,835	235	-	-	3,070
Balance on December 31, 2021	**$ 2,415,095**	**211,695**	**895**	**1,670**	**2,629,355**
Accumulated depreciation:					
Balance on January 1, 2022	$ 225,236	103,050	895	1,394	330,575
Depreciation	82,823	44,151	-	195	127,169
Effect of exchange rate changes	(1,029)	248	-	-	(781)
Balance on December 31, 2022	**$ 307,030**	**147,449**	**895**	**1,589**	**456,963**
Balance on January 1, 2021	$ 137,778	66,473	2,305	1,945	208,501
Depreciation	78,450	37,940	671	884	117,945
Disposal	(1,185)	(1,429)	(2,081)	(1,435)	(6,130)
Reclassification from investment property	17,050	-	-	-	17,050
Disposal of subsidiaries	(953)	-	-	-	(953)
Effect of exchange rate changes	(5,904)	66	-	-	(5,838)
Balance on December 31, 2021	**$ 225,236**	**103,050**	**895**	**1,394**	**330,575**
Carrying amount:					
Balance on December 31, 2022	**$ 2,299,002**	**225,552**	**-**	**81**	**2,524,635**
Balance on December 31, 2021	**$ 2,189,859**	**108,645**	**-**	**276**	**2,298,780**
Balance on January 1, 2021	**$ 2,189,462**	**91,307**	**4,230**	**1,792**	**2,286,791**

As of December 31, 2022 and 2021, right-of-use assets of the Group were pledged as collateral; please refer to note 8.

(m) Investment property

Movements of the cost, accumulated depreciation, and impairment of investment property of the Group were as follows:

	Land	Buildings	Right-of-use assets-land	Total
Cost:				
Balance on January 1, 2022	$ 137,946	1,941,203	-	2,079,149
Reclassification from property, plant and equipment	570	13,514	-	14,084
Reclassification to property, plant and equipment	(3,239)	(84,316)	-	(87,555)
Disposal	(209)	(1,586)	-	(1,795)
Effect of exchange rate changes	1,062	6,496	-	7,558
Balance on December 31, 2022	**$ 136,130**	**1,875,311**	**-**	**2,011,441**
Balance on January 1, 2021	$ 135,464	1,885,316	99,875	2,120,655
Reclassification from building for sale and property, plant and equipment	2,090	53,488	-	55,578
Reclassification to right-of-use assets	-	-	(99,875)	(99,875)
Effect of exchange rate changes	392	2,399	-	2,791
Balance on December 31, 2021	**$ 137,946**	**1,941,203**	**-**	**2,079,149**
Accumulated depreciation and impairment:				
Balance on January 1, 2022	$ 6,523	759,400	-	765,923
Depreciation	1,668	48,613	-	50,281
Reclassification from property, plant and equipment	-	5,590	-	5,590
Reclassification to property, plant and equipment	-	(33,349)	-	(33,349)
Disposal	-	(96)	-	(96)
Effect of exchange rate changes	85	2,378	-	2,463
Balance on December 31, 2022	**$ 8,276**	**782,536**	**-**	**790,812**
Balance on January 1, 2021	$ 4,865	688,374	12,815	706,054
Depreciation	1,635	48,704	4,235	54,574
Reclassification to right-of-use assets	-	-	(17,050)	(17,050)
Reclassification from property, plant and equipment	-	21,495	-	21,495
Effect of exchange rate changes	23	827	-	850
Balance on December 31, 2021	**$ 6,523**	**759,400**	**-**	**765,923**
Carrying amount:				
Balance on December 31, 2022	**$ 127,854**	**1,092,775**	**-**	**1,220,629**
Balance on December 31, 2021	**$ 131,423**	**1,181,803**	**-**	**1,313,226**
Balance on January 1, 2021	**$ 130,599**	**1,196,942**	**87,060**	**1,414,601**
Fair value:				
Balance on December 31, 2022				**$ 5,590,240**
Balance on December 31, 2021				**$ 5,428,684**

(i) The Group early terminated its lease contract of sub-leasing the leased land of Port of Taichung to a related party in August 2021 and reclassified its right-of-use assets of land and related accumulated depreciation from investment properties to right-of-use assets. Please refer to note 6(l).

(ii) Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~5 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Please refer to note 6(p).

(iii) The Group has sublet the No. 15 public parking lot in Banqiao Dist., New Taipei City, and part of its factory in Yilan, but has decided not to treat this property as investment property because the primary purpose of the Group is not to have long-term capital appreciation or to earn rental. Accordingly, the property is still treated as rental assets of property, plant and equipment.

(iv) As there is no readily comparable information regarding the fair value of the aforementioned investment property, management determined its fair value according to the latest prices within the vicinity or the discounted value of the estimated future cash flows. The inputs used to evaluate the fair value belonged to Level 3.

(v) As of December 31, 2022 and 2021, investment property of the Group was pledged as collateral; please refer to note 8.

(n) Long-term and short-term borrowings

The details, terms and conditions were as follows:

	Currency	Interest rate	Maturity year	December 31, 2022	December 31, 2021
Secured bank loans	USD	1.75%~6.70%	2023~2029	$ 4,187,249	4,816,656
Secured bank loans	NTD	1.38%	2025	1,125,300	1,130,000
Secured bank loans	VND	10.57%~12.35%	2026~2029	1,368,150	720,173
Unsecured bank loans	RMB	3.20%~3.85%	2023	772,670	396,912
Unsecured bank loans	USD	4.80%~7.25%	2023	2,378,253	1,167,938
Unsecured bank loans	NTD	1.45%~1.89%	2023~2027	16,396,678	3,667,734
Unsecured bank loans	VND	4.20%~11.70%	2023	872,938	941,037
Letters of credit	USD	5.50%~5.66%	2023	6,096	24,248
Letters of credit	EUR	3.03%~3.59%	2023	5,164	1,538
Letters of credit	JPY	0.70%	2023	89	34,511
Letters of credit	SEK	-	-	-	359
Letters of credit	VND	7.30%	2023	4,181	-
Commercial paper payable	NTD	-	-	-	10,873,367
Total				**$ 27,116,768**	**23,774,473**
Current–short-term borrowings				$ 4,130,859	5,092,443
Current–current portion of long-term borrowings				1,401,337	2,026,641
Non-current–long-term borrowings				21,584,572	16,655,389
Total				**$ 27,116,768**	**23,774,473**

(i) The total line of credit for the Group's syndicated loan with 13 banks, including Hua Nan Commercial Bank, was $7,200,000 thousand (comprising $4,320,000 thousand of revolving long-term commercial paper payable). The contract period is from October 23, 2018 to October 22, 2023, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability. The syndicated loan was repaid in advance in the fourth quarter of 2022; hence, the line of credit had been revoked.

(ii) The total line of credit for the Group's syndicated loan with 9 banks, including Credit Agricole Corporate and Investment Bank was $2,600,000 thousand (comprising $500,000 thousand of revolving long-term commercial paper payable and $2,100,000 thousand of non-revolving short-term commercial paper payable). The contract period is from December 10, 2019 to December 9, 2022, a total of three years. Since the line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. However, since the residual commercial paper payable is not revolving in nature for one year and requires repayment in the short term, it is recorded as a short-term liability.

(iii) The total line of credit for the Group's syndicated loan with 10 banks, including First Commercial Bank, was $4,800,000 thousand (comprising $3,840,000 thousand of revolving long-term commercial paper payable). The contract period is from April 27, 2020 to April 26, 2025, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability.

(iv) The loan with Mega International Commercial Bank based on "Loans for Returning Overseas Taiwanese Businesses" amounted to $1,400,000 thousand, with the contract period beginning from March 30, 2020 to December 15, 2025. The line of credit is not revolving in nature; hence, the loan will be repaid on the 15th of every month after two years.

(v) The total line of credit for the Group's syndicated loan with 12 banks, including Hua Nan Commercial Bank, was $8,000,000 thousand (comprising $6,800,000 thousand of revolving long-term commercial paper payable). The contract period is from December 22, 2020 to December 21, 2025, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability.

(vi) The total line of credit for the Group's syndicated loan with 11 banks, including First Commercial Bank, was $9,000,000 thousand (comprising $7,200,000 thousand of revolving long-term commercial paper payable). The contract period is from October

24, 2022 to October 23, 2027, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability.

(vii) The total line of credit for the Group's syndicated loan with 4 banks, including Hua Nan Commercial Bank, was $3,600,000 thousand (comprising $2,880,000 thousand of revolving long-term commercial paper payable). The contract period is from December 27, 2022 to December 26, 2027, a total of five years. As of December 31, 2022, the Corporation had no initial drawdown.

(viii) The total line of credit for the Group's syndicated loan with 10 banks, including Mega International Commercial Bank, was USD165,000 thousand. The contract period is from July 25, 2017 to July 25, 2022, a total of five years. Since this line of credit amounted to USD150,000 thousand was approved to be extended for two years, the contract period was extended to July 25, 2024. The line of credit is not revolving in nature; hence, the loan will be repaid in five equal installments after three years from the initial drawdown.

(ix) The total lines of credit for the Group's syndicated loan with 9 banks, including Mega International Commercial Bank, were USD90,000 thousand and VND920,000,000 thousand. The contract period is five years from the initial drawdown date within twelve months from August 17, 2020. However, if there is no initial drawdown within twelve months, the contract period will be from August 17, 2021 to August 16, 2026, a total five years. The line of credit is not revolving in nature; hence, the loan will be repaid in five equal installments after three years from the initial drawdown.

(x) The total lines of credit for the Group's syndicated loan with 10 banks, including Mega International Commercial Bank, were USD161,000 thousand and VND1,587,000,000 thousand. The contract period is five years from the initial drawdown date within twelve months from December 22, 2021. However, if there is no initial drawdown within twelve months, the contract period will be from December 22, 2022 to December 21, 2027, a total of five years. As of December 31, 2022, the Group had no initial drawdown.

(xi) To obtain the above loans, except for the loan with Mega International Commercial Bank based on "Loans for Returning Overseas Taiwanese Businesses", the Group promised to comply with the covenants within the contract periods and to maintain the following financial ratios: On each December 31 during the contract period, the current ratio (current assets/current liabilities) cannot be less than 100%; the stockholders' equity ratio (stockholders' equity/total assets) cannot be less than 40%; the times interest earned ((income before taxes + interest expense + depreciation expenses + amortization expenses)/interest expenses) cannot be less than 2.25 times; and the net tangible assets cannot be less than $16,000,000 thousand.

(xii) As of December 31, 2022, the Group had not violated the covenants of the loans above.

(xiii) For the details on the collateral provided for bank loans, please refer to note 8.

(o) Lease liabilities

Lease liabilities of the Group were as follows:

		December 31, 2022	December 31, 2021
Current	$	**93,366**	**65,704**
Non-current	$	**757,679**	**753,046**

For the maturities analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

		2022	2021
Interest on lease liabilities	$	**13,481**	**14,366**
Expenses relating to short-term leases and leases of low-value assets	$	**26,567**	**24,019**
COVID-19-related rent concessions (recognized as deduction of rent expenses)	$	**49**	**143**

The amounts recognized in the statement of cash flows for the Group were as follows:

		2022	2021
Rental paid in operating activities	$	26,567	24,019
Interest on lease liabilities paid in operating activities		13,481	14,366
Payment made on lease liabilities in financing activities		69,476	73,145
Total cash outflow for leases	$	**109,524**	**111,530**

(p) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(m) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

		December 31, 2022	December 31, 2021
Less than one year	$	129,316	87,357
One to two years		92,381	60,229
Two to three years		70,210	45,612
Three to four years		49,778	33,305
Four to five years		12,217	12,482
More than five years		52,429	1,627
	$	**406,331**	**240,612**

For the years ended December 31, 2022 and 2021, the rental revenue with respect to property leases amounted to $124,168 thousand and $116,059 thousand, respectively, and was recorded as operating revenues.

(q) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of plan assets of the Group were as follows:

		December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$	(3,023,701)	(3,476,001)
Fair value of plan assets		2,922,779	2,717,012
Net defined benefit liability	**$**	**(100,922)**	**(758,989)**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan, which provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a lump-sum payment based on years of service and average salary of the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's labor pension reserve account balance at Bank of Taiwan amounted to $2,923,308 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of defined benefit obligations

The movements in the present value of defined benefit obligations for the Group were as follows:

		2022	2021
Defined benefit obligations on January 1	$	(3,476,001)	(3,420,368)
Benefits paid by the plan		208,050	206,097
Remeasurement of net defined benefit liability (assets) – actuarial gains (losses) arising from changes in financial assumptions		293,732	(197,575)
Current service cost and interest expense		(49,482)	(64,155)
Defined benefit obligations on December 31	**$**	**(3,023,701)**	**(3,476,001)**

3) Movements in the fair value of plan assets

The movements in the fair value of defined benefit plan assets for the Group were as follows:

	2022	2021
Fair value of plan assets on January 1	$ 2,717,012	$2,218,579
Expected return on plan assets	16,606	13,837
Remeasurement of net defined benefit liability (assets) – return on plan assets (excluding interest expense)	193,563	22,251
Contribution made	169,247	624,420
Benefits paid by the plan	(173,649)	(162,075)
Fair value of plan assets on December 31	**$ 2,922,779**	**2,717,012**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2022	2021
Service cost	$ 32,536	41,398
Net interest on net defined benefit liability	340	8,920
	$ 32,876	**50,318**
Operating costs	$ 25,114	29,591
Selling expenses	(407)	5,604
Administrative expenses	7,430	14,013
Research and development expenses	739	1,110
	$ 32,876	**50,318**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Group’s remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

	2022	2021
Cumulative amount on January 1	$ 1,044,420	869,096
Recognized during the period	(487,295)	175,324
Cumulative amount on December 31	**$ 557,125**	**1,044,420**

6) Actuarial assumptions

The following are the Group’s principal actuarial assumptions:

	2022	2021
Discount rate	1.40%~1.75%	0.63%~0.75%
Future salary increase rate	2.00%~3.00%	2.00%~3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date was $27,092 thousand.

The weighted-average duration of the defined benefit plans is 9~11.41 years.

7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations as of December 31, 2022 and 2021, would have been as follows:

	Impact on the defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(61,984)	63,953
Future salary increase rate	62,858	(61,194)
December 31, 2021		
Discount rate	(78,743)	81,522
Future salary increase rate	79,326	(77,017)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. Many assumption changes may affect each other in practice. The method used in the sensitivity analysis is consistent with the calculation of the net defined benefit liability in the balance sheet.

There were no changes in the method and assumptions used in the preparation of the sensitivity analysis for the years ended December 31, 2022 and 2021.

(ii) Defined contribution plans

The Corporation and its domestic subsidiaries contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

Except for the Corporation and its domestic subsidiaries, other subsidiaries have defined contribution plans. These plans are funded in accordance with the regulations of the respective countries. Contributions to these plans are expensed as incurred without additional legal or constructive obligation.

The Group recognized pension costs under the defined contribution method amounting to $150,299 thousand and $141,474 thousand for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(r) Income tax

(i) Components of income tax expenses were as follows:

	2022	2021
Current tax expenses	$ 676,721	766,077
Deferred tax expenses (benefits)	(189,250)	210,010
Income tax expenses	**$ 487,471**	**976,087**

(ii) The Group had no income tax expenses recognized directly in equity.

(iii) Tax expenses (benefits) under other comprehensive income or loss were as follows:

	2022	2021
Items that may not be reclassified subsequently to profit or loss:		
Losses on remeasurements of defined benefit plans	**$ -**	**(34,871)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ 65,092	(37,422)
Shares of other comprehensive income of associates accounted for using equity method	11,981	(2,639)
	$ 77,073	**(40,061)**

(iv) Reconciliation of income tax expenses and profit before income tax was as follows:

	2022	2021
Profit before income tax	$ 3,196,960	4,987,575
Income tax calculate based on domestic tax rate of individual entity of the Group	621,435	1,042,540
Additional tax on undistributed earnings	45,326	-
Gains on sale of land exempt from income tax	(10,794)	(17,955)
Prior year's income tax adjustment	(36,137)	(14,127)
Investment income recognized under the equity method	(236,666)	(61,723)
Recognition of previously unrecognized tax losses	182,357	30,851
Reversal of prior year's capital gains tax on disposal of subsidiaries	-	(20,565)
Changes in unrecognized temporary differences	2,699	872
Land value incremental tax	1,314	10,005
Investment tax credits accrued	(109,005)	(50,000)
Others	26,942	56,189
	$ 487,471	**976,087**

(v) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized with respect to the following items:

	December 31, 2022	December 31, 2021
Deductible temporary differences:		
Unallocated pension expenses	$ (1,637)	(2,272)
Others	(16,496)	(13,163)
	(18,133)	(15,435)
Tax losses	(838,028)	(655,671)
	$ (856,161)	**(671,106)**

Deferred tax assets were not recognized because it is not probable that future taxable income of the Group will be available to utilize the benefits.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	Unallocated pension expenses	Provision for impairment loss on property	Unrealized accrued expenses	Idle capacity for inventories at end of period transferred to cost of sales	Exchange differences on transaltion of foreign financial statements	Others	Total
Balance on January 1, 2022	$ (4,545)	(34,907)	(12,415)	(17,491)	(492,235)	(75,956)	(637,549)
Recognized in profit or loss	2,869	6,501	4,734	(13,908)	-	4,784	4,980
Recognized in other comprehensive income	-	-	-	-	77,073	-	77,073
Balance on December 31, 2022	**$ (1,676)**	**(28,406)**	**(7,681)**	**(31,399)**	**(415,162)**	**(71,172)**	**(555,496)**
Balance on January 1, 2021	$ (34,219)	(33,936)	(27,451)	(19,655)	(452,174)	(110,186)	(677,621)
Recognized in profit or loss	64,545	(971)	15,036	2,164	-	34,230	115,004
Recognized in other comprehensive income	(34,871)	-	-	-	(40,061)	-	(74,932)
Balance on December 31, 2021	**$ (4,545)**	**(34,907)**	**(12,415)**	**(17,491)**	**(492,235)**	**(75,956)**	**(637,549)**

Deferred tax liabilities:

	Overseas investment income recognized under the equity method	Land value increment tax	Temporary differences from depreciation of machinery	Others	Total
Balance on January 1, 2022	$ 282,429	195,480	963,341	-	1,441,250
Recognized in profit or loss	(191,348)	-	(16,906)	14,024	(194,230)
Effect of exchange rate changes	10,587	-	-	-	10,587
Balance on December 31, 2022	**$ 101,668**	**195,480**	**946,435**	**14,024**	**1,257,607**
Balance on January 1, 2021	$ 257,288	195,480	891,016	2,460	1,346,244
Recognized in profit or loss	25,141	-	72,325	(2,460)	95,006
Balance on December 31, 2021	**$ 282,429**	**195,480**	**963,341**	**-**	**1,441,250**

(vi) The tax returns of the Corporation and R.O.C. subsidiaries have been examined by the R.O.C. income tax authorities through the following years:

	Year
The Corporation	2020
Gem Tech	2020
Chung Ming Taiwan (branch of Chung Ming)	2020

(s) Capital and other equity

(i) Capital

As of December 31, 2022 and 2021, the Corporation's authorized common stock, and issued and outstanding common stock amounted to $15,000,000 thousand and $11,082,745 thousand, respectively, for both years, with a par value of $10 (dollars) per share.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 675,632	675,632
Treasury share transactions	39,381	39,381
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	439,684	439,684
Others	2,835	2,835
	$ 1,157,532	**1,157,532**

According to the R.O.C. Company Act, capital surplus can only be used to offset an accumulated deficit, and then the realized capital surplus can be distributed as stock dividends or cash dividends according to the stockholders' original percentage of ownership. The aforementioned realized capital surplus includes capital surplus resulting from premium upon the issuance of capital stock and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the increase in capital by transferring the paid-in capital in excess of the par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the articles of the Corporation, when allocating the earnings for each year, the Corporation shall first pay income taxes, and offset its prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve has equaled the total capital of the Corporation; then set aside a special reserve in accordance with the relevant laws when necessary. The balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals and the resolution at the stockholders' meeting. In accordance with Article 240, Paragraph 5 of the Company Act, the abovementioned distribution plan, by the way of cash dividends, should be approved by the Corporation's Board of Directors and reported to the shareholders'meeting, and need not be submitted to the shareholders'meeting for recognition.

The dividend policy of the Corporation is as follows:

Phase 1: Keep a portion of accumulated earnings on hand for operational needs.

Phase 2: Distribute stock dividends based on future capital expenditure and long-term financial planning.

Phase 3: After the above appropriations, distribute cash dividends of at least 50% of the remaining accumulated earnings.

Phase 4: If the cash dividends per share are less than NT$0.1 (dollars), they shall be deferred to next year or thereafter.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a stockholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash to shareholders, and only the portion of the legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the FSC, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the current-period total net reduction of other stockholders'equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Distribution of earnings

On March 15, 2022, cash dividends in the distribution plan for 2021 had been approved by the Board of Directors, and other items of earnings distribution had been approved by the shareholder's meeting on June 10, 2022. On July 30, 2021, the appropriation of earnings for 2020 had been approved by the shareholder's meeting. The information on dividends appropriated from the distributable retained earnings was as follows:

	2021	2020
Stockholders' dividends – cash, $1.9 (dollars) and $1.8 (dollars) per share, respectively	**$ 2,105,722**	**1,994,894**

Information about the distribution of dividends can be accessed at the Market Observation Post System Website.

(t) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary stockholders of the Corporation and the weighted-average number of common shares outstanding was as follows:

		2022	2021
Profit of the Corporation for the year	$	**2,520,098**	**3,963,422**
Weighted-average number of common shares (Basic / thousand shares)		**1,108,275**	**1,108,275**
Basic earnings per share (dollars)	$	**2.27**	**3.58**

(ii) Diluted earnings per share

The calculation of diluted earnings per share based on the profit attributable to ordinary stockholders of the Corporation and the weighted-average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares was as follows:

		2022	2021
Profit of the Corporation for the year	$	**2,520,098**	**3,963,422**
Weighted-average number of common shares (Diluted / thousand shares)		**1,112,218**	**1,111,524**
Diluted earnings per share (dollars)	$	**2.27**	**3.57**

Weighted-average number of common shares (Diluted / thousand shares):

	2022	2021
Weighted-average number of common shares (basic)	1,108,275	1,108,275
Effect of employee stock remuneration	3,943	3,249
Weighted-average number of common shares (diluted)	**1,112,218**	**1,111,524**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
Primary geographical markets			
Taiwan	$	29,630,848	31,408,811
Mainland China		7,437,314	6,716,345
Southeast Asia		6,853,566	6,860,934
	$	**43,921,728**	**44,986,090**
Major products / services lines			
Sale of goods	$	43,542,417	43,887,916
Sales of building		230,860	944,393
Rental revenue		124,168	116,059
Cogeneration revenue		24,283	37,722
	$	**43,921,728**	**44,986,090**

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 6,510,414	7,598,149	6,449,019
Less: Loss allowance	(90,961)	(100,223)	(70,179)
	$ 6,419,453	**7,497,926**	**6,378,840**
Contract liabilities–advance receive on real estate	**$ 845,465**	**775,369**	**1,186,478**

1) For details on notes, accounts receivable and loss allowance, please refer to note 6(c).
2) The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $126,313 thousand and $783,158 thousand, respectively.
3) The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(v) Employee remuneration

Based on the Corporation’ s articles, if the Corporation incurred earnings for the year, the earnings shall first be use to offset against any deficits; the remainder, if any, a minimum of 1% of the annual profit before tax (excluding employee remuneration) shall be appropriated as employee remuneration.

For the years ended December 31, 2022 and 2021, the Corporation estimated its employee remuneration both amounting to $90,000 thousand. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding employee remuneration, multiplied by the percentage of remuneration to employees, as specified in the Corporation’s articles. The remuneration is expensed under operating costs or operating expenses during 2022 and 2021. Information about employee remuneration can be accessed in the Market Observation Post System website. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized in 2023. The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2021.

(w) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

	2022	2021
Interest income	$ 67,892	33,957
Interest income from delayed receipt of proceeds from disposal of subsidiaries	778,454	-
Subsidize revenue from arbitration fees	101,312	-
Rental revenue	22,001	39,334
Dividend income	35,228	30,423
Revenue from waste disposal	133,840	97,566
Compensation revenue from river remediation by the government	29,597	-
	$ 1,168,324	**201,280**

(ii) Other gains and losses, net

The Group's other gains and losses was as follows:

	2022	2021
Net gain (loss) on disposal of property, plant and equipment	$ 22,951	(1,438)
Gain on disposal of investment property	703	-
Net gain on foreign exchanges	171,414	44,624
Impairment loss on property, plant and equipment	-	(33,110)
Net gain on financial assets and liabilities at fair value through profit or loss	7,590	6,570
Reversal of expected credit losses	256,428	-
Gain on disposal of right-of-use assets	-	113,388
Others	158,073	16,685
	$ 617,159	**146,719**

(iii) Finance costs

The Group's finance costs, excluding capitalized interest, were as follows:

	2022	2021
Interest expense	$ 453,118	285,261
Interest on lease liabilities	13,481	14,366
Total finance costs	**$ 466,599**	**299,627**

For details of capitalized interest, please refer to notes 6(f) and (k).

(x) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from cash and cash equivalents, as well as notes and accounts receivable defaults from counterparties involved in the transactions.

1) Cash and cash equivalents

Cash are deposited in different financial institutions, all of whom were banks with good credit, which shall not lead to significant credit risk.

2) Notes and accounts receivable

The Group trades with a wide range of customers from different geographic regions. The Group does not consider the credit risk of its accounts receivable to be concentrated since there are no significant transactions with individual customers. To reduce credit risk, the Group continuously assesses the financial condition of its customers and will require collateral if necessary.

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	$27,116,768	28,600,481	6,015,064	22,367,287	218,130
Notes and accounts payable (including related parties)	6,678,260	6,678,260	6,678,260	-	-
Other payables	2,513,011	2,513,011	2,513,011	-	-
Guarantee deposits	543,419	543,419	-	-	543,419
Lease liabilities	851,045	1,006,673	104,775	291,503	610,395
	$37,702,503	**39,341,844**	**15,311,110**	**22,658,790**	**1,371,944**
December 31, 2021					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	$23,774,473	24,085,799	7,212,308	15,305,694	1,567,797
Notes and accounts payable (including related parties)	6,235,991	6,235,991	6,235,991	-	-
Other payables	2,804,786	2,804,786	2,804,786	-	-
Guarantee deposits	487,699	487,699	-	-	487,699
Lease liabilities	818,750	1,046,732	79,123	211,239	756,370
Derivative financial liabilities:					
Interest rate swaps	2,402	2,402	2,402	-	-
	$34,124,101	**34,663,409**	**16,334,610**	**15,516,933**	**2,811,866**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 237,172	30.6650	7,272,879	249,651	27.6300	6,897,857
EUR	3,987	32.5180	129,649	484	31.1170	15,061
Non-monetary items						
USD	15,924	31.7050	504,858	13,966	27.8000	388,255
Financial liabilities						
Monetary item						
USD	$ 362,118	30.7650	11,140,560	339,349	27.7300	9,410,148
JPY	634,391	0.2344	148,701	431,754	0.2423	104,614
EUR	5,674	32.9180	186,777	739	31.5170	23,291

2) Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, notes and accounts receivable, other receivables, loans, notes and accounts payable, and other payables. If the exchange rate of the foreign currencies against the NTD mentioned above had depreciated or appreciated 1%, with other factors remaining constant, on the reporting date, profit before income tax would have increased or decreased by $40,735 thousand and $26,251 thousand for the years ended December 31, 2022 and 2021, respectively. Analysis of the two periods is based on the same standard.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2022 and 2021, the foreign exchange gain or loss, including both realized and unrealized, amounted to gains $171,414 thousand and $44,624 thousand, respectively.

(iv) Interest rate risk

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Fixed-rate instruments:		
Financial assets	**$ 2,544,859**	**2,456,807**
Variable-rate instruments:		
Financial assets	$ 4,219,283	4,071,960
Financial liabilities	(27,116,768)	(23,774,473)
	$ (22,897,485)	**(19,702,513)**

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments at the reporting date. If the interest rate had increased or decreased by 25 basis points, the profit before income tax would have decreased or increased by $57,244 thousand and $49,256 thousand for the years ended 2022 and 2021, respectively, with all other variable factors remaining constant. This mainly resulted from borrowings with variable interest rates.

In addition, the Group's financial assets liabilities comprising fixed-rate instruments are measured at amortized cost. Since a change in market interest rate on the reporting date would have no impact on profit and loss, disclosure of the sensitivity analysis for changes in fair value is not necessary.

(v) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

	2022	2021
Price of securities at the reporting date	Other comprehensive income before tax	Other comprehensive income before tax
Increasing 10%	$ **56,679**	**65,805**
Decreasing 10%	$ **(56,679)**	**(65,805)**

(vi Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Interest rate swaps	$ 5,207	-	-	5,207	5,207
Open-end funds	3,967	3,967	-	-	3,967
	$ 9,174	**3,967**	**-**	**5,207**	**9,174**
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic market	$ 469,332	469,332	-	-	469,332
Stocks unlisted in domestic market	97,458	-	-	97,458	97,458
	$ 566,790	**469,332**	**-**	**97,458**	**566,790**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 7,361,090				
Notes and accounts receivable (including related parties)	6,419,453				
Other receivables	29,456				
Other financial assets–current	94,675				
Other financial assets–non-current	190,694				
	$14,095,368				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$27,116,768				
Notes and accounts payable (including related parties)	6,678,260				
Other payables	2,513,011				
Guarantee deposits	543,419				
Lease liabilities	851,045				
	$37,702,503				

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic market	$ 546,332	546,332	-	-	546,332
Stocks unlisted in domestic market	111,714	-	-	111,714	111,714
	$ 658,046	**546,332**	**-**	**111,714**	**658,046**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 7,075,052				
Notes and accounts receivable (including related parties)	7,497,926				
Other receivables	987,041				
Other financial assets–current	135,982				
Other financial assets–non-current	199,766				
	$15,895,767				
Financial liabilities at fair value through profit or loss					
Interest rate swaps	**$ 2,402**	**-**	**-**	**2,402**	**2,402**
Financial liabilities at amortized cost					
Long-term and Short-term borrowings	$23,774,473				
Notes and accounts payable (including related parties)	6,235,991				
Other payables	2,804,786				
Guarantee deposits	487,699				
Lease liabilities	818,750				
	$34,121,699				

2) Valuation techniques to measure fair value of financial instruments not measured at fair value

Financial instruments of the Group not measured at fair value are financial assets and liabilities valued at amortized cost. Measurement of fair value of these financial instruments is based on recent transaction prices. When market price are unavailable, valuation is based on discounted cash flow.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments is based on quoted market prices if these prices are available in an active market. Quoted prices on stock exchanges are regarded as the fair value of equity instruments in a listed market and debt instruments in an active market.

A financial instrument is regarded as being quoted in an active market if quoted market prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be met, then the market is considered as non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of financial assets and liabilities with standard terms and conditions and trading in active markets is based on quoted market prices. These include investments in stocks of listed entities.

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the book value per share of the investee and the price-book ratio of market comparable listed companies. The estimation of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of marketability.

b) Derivative financial instruments

The fair value is based on quoted prices. When quoted prices are unavailable, the fair value is in accordance with third-party pricing information.

4) Transfers between Level I and Level 2

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

5) Changes in Level 3

	Financial assets and liabilities at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance on January 1, 2022	$ (2,402)	111,714
Additions	3,986	-
Recognized in profit or loss	7,590	-
Recognized in other comprehensive income	-	(14,256)
Balance on December 31, 2022	**$ 9,174**	**97,458**
Balance on January 1, 2021	$ (8,972)	55,437
Recognized in profit or loss	6,570	-
Recognized in other comprehensive income	-	56,277
Balance on December 31, 2021	**$ (2,402)**	**111,714**

The aforementioned total gains and losses that were recognized in "other gains and losses" and "unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income". The gains and losses related to assets (liabilities) still held on December 31, 2022 and 2021 were as follows:

	December 31, 2022		December 31, 2021
Total gains or losses			
In profit or loss (recognized in "other gains and losses")	$	7,590	6,570
In other comprehensive income (recognized in "unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income")		(14,256)	56,277

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets and liabilities at fair value through profit or loss–derivative financial instruments" and "fair value through other comprehensive income–equity investments." The fair value of these financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Group did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Significant quantitative information about unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income–equity investments in inactive markets	Market comparable listed company approach	Discounts for lack of marketability on December 31, 2022 and 2021 was both 30%	The fair value would decrease if the discount for lack of marketability were higher

7) Fair value measured in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement of fair value of financial instruments is reasonable, but using different evaluation models or parameters will cause different results. For financial instruments in Level 3, if the evaluation parameters had changed, the effects on other comprehensive income and loss would have been as follows:

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income and loss	
December 31, 2022				
Financial assets at fair value through other comprehensive income				
–equity investments in inactive markets	Discount for lack of marketability	±10%	**$ (4,177)**	**4,177**
December 31, 2021				
Financial assets at fair value through other comprehensive income				
–equity investments in inactive markets	Discount for lack of marketability	±10%	**$ (4,788)**	**4,788**

(y) Financial risk management

(i) The Group is exposed to the following risks arising from financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

For detailed information on exposure to each of the above risks, objectives, policies, and processes of risk measurement and management, and on quantitative disclosures, please refer to note 6(x).

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors monitors management to ensure compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(z) Capital management

The Group's capital management policy is to maintain a strong capital base and appropriate debt ratio so as to maintain investor, creditor, and market confidence to sustain the future development of the business.

As of December 31, 2022 and 2021, the debt ratios were 58% and 57%, respectively. There were no changes in the Group's approach to capital management as of December 31, 2022.

(aa) The movements of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Short-term borrowings	$ 5,092,443	(961,584)	-	4,130,859
Long-term borrowings	18,682,030	4,303,879	-	22,985,909
Lease liabilities	818,750	(69,476)	101,771	851,045
Total liabilities from financing activities	**$ 24,593,223**	**3,272,819**	**101,771**	**27,967,813**

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Short-term borrowings	$ 5,123,445	(31,002)	-	5,092,443
Long-term borrowings	14,670,358	4,011,672	-	18,682,030
Lease liabilities	835,734	(73,145)	56,161	818,750
Total liabilities from financing activities	**$ 20,629,537**	**3,907,525**	**56,161**	**24,593,223**

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Tzeng Long USA Inc. (Tzeng Long USA)	An associate of the Group
Ta-Yuan Cogeneration Co., Ltd. (Ta-Yuan Cogeneration)	An associate of the Group
Cheng Loong Investment Co., Ltd. (Cheng Loong Investment)	An associate of the Group
TYC International Company Limited (TYC)	A subsidiary of the Group's associate
Ming Foong Plastic Co., Ltd. (Ming Foong Plastic)	The institutional director of the Corporation
Shine Far Co., Ltd. (Shine Far)	The institutional director of the Corporation
Sun Favorite Co., Ltd. (Sun Favorite)	The institutional director of the Corporation
Jen Yun Co., Ltd. (Jen Yun)	The entity's chairman is the second immediate family of the chairman of the Corporation
Wen Gin Development Co., Ltd. (Wen Gin Development)	The entity's chairman is the second immediate family of the chairman of the Corporation

Name of related party	Relationship with the Group
Yamahatsu Nihon Co., Ltd. (Yamahatsu Nihon)	The entity's chairman is the second immediate family of the chairman of the Corporation
Ko Loong Industry Co., Ltd. (Ko Loong Industry)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong Motor Co., Ltd. (Shan Loong Motor)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong Transportation Co., Ltd. (Shan Loong Transportation)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong International & Customs Broker Co., Ltd. (Shan Loong International)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shanloong Logistic Company Limited (Vietnam Shanloong)	The entity's chairman is the second immediate family of the chairman of the Corporation
Sun Favorite (Shanghai) Co., Ltd. (Sun Favorite (Shanghai))	A substantial related party
Yue Loong Co., Ltd. (Yue Loong)	A substantial related party
Sun Favorite Construction (Viet) Co.,Ltd. (Sun Favorite Vietnam)	A substantial related party
Cheng Loong Children's Care Foundation (Cheng Loong Children's Care Foundation)	A substantial related party
Cheng Huotien Charity Foundation (Cheng Huotien Charity Foundation)	A substantial related party
Phu Kieu Vietnam Company Limited (Phu Kieu Vietnam)	A subsidiary of the institutional director of the Corporation
Dongguan Ming Foong Plastic Co., Ltd. (Dongguan Ming Foong)	A subsidiary of the institutional director of the Corporation
Shanghai Shan Tong Logistic Co., Ltd. (Shanghai Shan Tong)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shine Far Construction Co., Ltd. (Shine Far Construction)	Original as substantial related party of the Corporation. After the substantial related party's election of its directors in December 2022, its chairman is the second immediate family of the chairman of the Corporation.
Shine Far Property Co., Ltd. (Shine Far Property)	Original as a subsidiary of the substantial related party of the Corporation. After the substantial related party's election of its directors in December 2022, its chairman is the second immediate family of the chairman of the Corporation.
Shine Far Electromechanical Co., Ltd. (Shine Far Electromechanical)	Original as a subsidiary of the substantial related party of the Corporation. After the substantial related party's election of its directors in December 2022, its chairman is the second immediate family of the chairman of the Corporation.
Employees' Welfare Committee of Cheng Loong Corporation (Employees' Welfare Committee of Cheng Loong)	A substantial related party
Key management personnel	Key management personnel of the Group

Name of related party	Relationship with the Group
Liu, Ke-Ya	Original as the second immediate family of the chairman of the Corporation. After the Corporation's election of its chairman in June 2022, the related party is the second immediate family of the director of the Corporation.
Chien, Pi-Hua	Original as the second immediate family of the chairman of the Corporation. After the Corporation's election of its chairman in June 2022, the related party is the second immediate family of the director of the Corporation.
Liu, Yu-Bang	Original as the second immediate family of the chairman of the Corporation. After the Corporation's election of its chairman in June 2022, the related party is the second immediate family of the director of the Corporation.
Cheng, Jen-Hong	The second immediate family of the chairman of the Corporation
Cheng, Chen-Loong	The second immediate family of the chairman of the Corporation

(b) Significant related-party transactions

(i) Sale of goods and real estate to related parties

1) Sale of goods to related parties

	Sales of goods	
	2022	2021
Associates	$ 27,001	62,010
Other related parties	1,884,463	2,594,386
	$ 1,911,464	**2,656,396**

The prices of the goods sold by the Group to related parties were not significantly different from those of other customers. The credit terms ranged from 25 to 90 days, which were not significant difference with other customers.

As of December 31, 2022 and 2021, the Group's unearned sales revenue, due to sales of goods to other related parties, amounted to $601 thousand and $8,951 thousand, respectively, and were recorded as other current liabilities.

2) Sale of real estate to related parties

	Sale of real estate	
	2022	2021
Other related parties	**$ 150,450**	**-**

The prices of the real estate sold by the Group to related parties were not significantly different from those of other customers. The receivables were received according to the progress of the sales contract, which were no significant difference with other customers.

The contract amount of the Group selling its real estate (including for-sale and pre-sale) to the related parties were as follows:

Nature of related party	Year of sale	Contract amount	
Other related parties	2019	$	768,132
Other related parties	2021		150,450
Other related parties	2022		122,400

As of December 31, 2022 and 2021, the related advance payment received by the Group amounted to $285,103 thousand and $232,816 thousand, respectively, and were recorded as other current liabilities.

(ii) Purchase of goods from related parties

	Purchases		
	2022		2021
Associates	$	388,640	770,889
Other related parties		1,445,204	1,824,751
	$	**1,833,844**	**2,595,640**

The purchasing prices from related parties were not significantly different from those of other vendors. The payment terms was 30 days, which were no significant differences with other vendors.

(iii) Purchases or sales of property and other assets

1) In September 1993, the Group sold land to an associate. The gain on this disposal amounted to $181,965 thousand. The Group recognized a deferred unrealized gain of $89,345 thousand based on the percentage of ownership. As of December 31, 2022 and 2021, such gain was recorded as a subtraction from investments accounted for using equity method.

2) The Group entrusted other related parties with the construction of its plants and installation of its equipment. For the years ended December 31, 2022 and 2021, the amounts of $652,176 thousand and $411,653 thousand, respectively, were recorded as property, plant, and equipment for the above transactions, where the payables of $59,894 thousand and $61,830 thousand, respectively, were recorded as other current liabilities. As of December 31, 2022 and 2021, the related undue disbursements for the above construction and installation contracts amounted to $290,932 thousand and $531,942 thousand, respectively.

3) In August 2020, the Board of Directors resolved to purchase the land and buildings from Sun Favorite at the amount of $1,252,662 thousand, which was negotiated and determined based on the appraisal report. For the year ended December 31, 2021, the payables for the transaction were fully paid, and the related real estates were recorded as property, plant, and equipment. All statutory registration procedures had since been completed.

4) The Group early terminated its lease contract of sub-leasing the leased land of Port of Taichung to Shan Loong Transportation in August 2021. Besides, the Board of Directors resolved to purchase the land improvements related to the leased land from Shan Loong Transportation at the amount of $76,281 thousand, which was negotiated and determined based on market conditions. For the year ended December 31, 2021, the payables for the transaction were fully paid, and the land improvements was recorded as property, plant, and equipment.
5) For the year ended December 31, 2021, the Group sold its machinery to an associate. The price and gain on disposal both amounted to $1,530 thousand and the receivables for the transaction were fully received. For the year ended December 31, 2022, the Group did not sell its machinery to any associates.
6) For the years ended December 31, 2022 and 2021, the Group purchased the machinery from other related parties amounting to $100,760 thousand and $19,705 thousand, respectively, which was negotiated and determined based on market conditions. The payment term was on a monthly basis, which was the Group's general payment terms of acquiring the machinery. For the years ended December 31, 2022 and 2021, the payables for the transaction were $8,190 thousand and $0 thousand, respectively, were recorded as other current liabilities. As of December 31, 2022 and 2021, the related undue disbursements for the above purchase contracts amounted to $254,703 thousand and $57,030 thousand, respectively.

(iv) Lease

1) Lessee

The Group rented land, plants, and buildings from other related parties. The depreciation and rental expenses were as follows:

	Depreciation and Rental expense	
	2022	2021
Other related parties	**$ 11,726**	**12,292**

The rental expenses paid to related parties were according to the terms of the contracts and were negotiated based on local market prices.

For the years ended December 31, 2022 and 2021, the Group recognized the amount of $651 thousand and $914 thousand as interest expense related to the lease liabilities, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $27,969 thousand and $39,078 thousand, respectively.

2) Lessor

The Group leased out land, plants, buildings, and parking spaces to its associates and other related parties. The rental revenue were as follows:

	Rental revenue	
	2022	2021
Associates	$ 2,729	2,162
Other related parties:		
Shan Loong Transportation	14,909	36,136
Others	32,838	32,273
	$ 50,476	**70,571**

In August 2021, the Group reached an agreement with Shan Loong Transportation for the early termination of the lease contract of the leased land regarding the Port of Taichung, resulting in the reclassification of the leased land from investment properties to right-of- use assets. Please refer to notes 6(l) and (m).

As of December 31, 2022 and 2021, receivables for the rental revenue amounted to $0 thousand and $2,258 thousand, respectively, and were recorded as other receivables.

The rental was collected according to the terms of the contracts and was negotiated based on local market prices.

(v) Miscellaneous transactions

1) The miscellaneous expenses which the Group paid to its related parties were as follows:

	Item	2022	2021
Associates	Co-generation expenses, technical service and others	$ 545,252	513,728
Other related parties	Delivery expense	1,330,976	1,401,303
Other related parties	Maintenance expense, technical service, real estate agency service, and commissioning of building construction	455,297	356,141
Other related parties	Customs declaration expenses	306,489	292,651
Other related parties	Others	100,549	162,537
		$ 2,738,563	**2,726,360**

As of December 31, 2022 and 2021, the payables for the maintenance expense, technical service, real estate consignment and other transactions amounted to $16,230 thousand and $10,539 thousand, respectively, recorded as other current liabilities. For details on the payables on remaining transactions, please refer to note 7(b) (vi).

2) Payments paid on behalf of others from its related parties were as follows:

	Item	2022	2021
Associates	Others	$ 2,540	2,635
Other related parties	Payments for the salary of technical support personnel	5,308	5,266
Other related parties	Others	3,867	4,250
		$ 11,715	**12,151**

(vi) Notes and accounts receivable from and payable to related parties

Notes and accounts receivable from and payable to related parties resulting from the above transactions (except payments paid on behalf of others and for miscellaneous transactions) were as follows:

	Notes and accounts receivable	
	December 31, 2022	December 31, 2021
Associates	$ 472	8,020
Other related parties	403,001	715,086
	$ 403,473	**723,106**

	Notes and accounts payable	
	December 31, 2022	December 31, 2021
Associates	$ 49,810	46,480
Other related parties	302,006	343,140
	$ 351,816	**389,620**

(vii) Acquisition of the share of the subsidiary

The transaction amounts in which the Group acquired the shares of its subsidiary from its related parties were as follows:

	2022	2021
Associates:		
TYC	$ -	253,163
Other related parties:		
Key management personnel	-	13,556
	$ -	**266,719**

For the year ended December 31, 2021, the payables for the transaction were fully paid. For details on the share transaction, please refer to note 6(h).

(c) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 73,288	68,819
Post-employment benefits	596	456
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 73,884	**69,275**

The Group provides vehicles for directors, supervisors, and upper management. As of December 31, 2022, the cost of acquisition was $51,086 thousand.

(8) Pledged assets

The assets pledged as collateral for bank borrowings were as follows:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Property, plant and equipment:			
Land	Bank long-term borrowings	$ 1,263,038	1,263,038
Buildings	"	1,543,792	870,857
Machinery	"	5,378,950	6,126,241
Transportation and other equipment	"	35,285	55,276
Right-of-use assets:			
Land	Bank long-term borrowings	836,382	534,064
Investment property:			
Land	Bank long-term borrowings	1,694	1,694
Buildings	"	27,822	28,766
Total		**$ 9,086,963**	**8,879,936**

(9) Commitments and contingencies

(a) As of December 31, 2022 and 2021, the Group had outstanding letters of credit amounting to $538,857 thousand and $383,556 thousand, respectively. The fair value of the letters of credit was similar to the contract price.

(b) The Group signed contracts for the construction of buildings. As of December 31, 2022 and 2021, the related undue disbursements amounted to $556,730 thousand and $990,529 thousand, respectively.

(c) As of December 31, 2022 and 2021, the significant construction contracts and the undue fixed asset purchase contracts of the Group amounted to $2,474,165 thousand and $2,855,927 thousand, respectively.

(d) As of December 31, 2022 and 2021, the pre-sale contracts of real estate signed with clients both amounted to $2,584,689 thousand.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) Employee benefits, depreciation, and amortization are summarized by function from continuing operations are as follows:

By function / By item	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	2,965,845	1,528,131	4,493,976	3,155,387	1,584,843	4,740,230
Labor and health insurance	249,806	126,302	376,108	238,371	119,366	357,737
Pension	127,315	55,860	183,175	126,563	65,229	191,792
Others	44,233	161,028	205,261	43,195	150,950	194,145
Depreciation	2,415,130	526,838	2,941,968	2,239,612	523,198	2,762,810
Amortization	6,902	11,041	17,943	2,513	11,054	13,567

(b) Winvantage, a subsidiary of the Group, entered into a share sale and purchase agreement with Sinobird Holding Limited and Hybest (BVI) Company Limited (hereinafter referred to as the “Buyer”) on January 16, 2018, which were the wholly funded subsidiaries of China Vanke Co., Ltd., to sell 100% shares of its subsidiary Ever Onward and indirectly transfer 100% shares of Shanghai Chung Loong. However, the Buyer claimed that the agreement is invalid, therefore, refused to pay the 3rd and 4th installment, refunds and supplemental payments in line with the agreement. The Buyer then submitted unilaterally an arbitration application to the Hong Kong International Arbitration Centre, claiming that they were under no obligation to pay the installments. This case has already been filed to the Hong Kong International Arbitration Centre, and the trial has commenced on May 2, 2019. The Buyer also submitted an application and evidence to the arbitration tribunal on July 31, 2019, claiming to terminate the agreement and revoke the deed of guarantees and indemnities. At same time, the Buyer demanded the Group to return the payment due to the agreement being invalid and pay 10% of the consideration as the compensation. According to the progress of arbitration, the Group had submitted the plea and counterclaim on September 18, 2019, based on the complaint from the Buyer, the Buyer had provided their responses to the arbitration tribunal on October 30, 2019. On February 10, 2020, the arbitration tribunal requested both the Group and the Buyer to provide the essential documents for the arbitration before March 9, 2020. Due to the impact of COVID-19 pandemic, the Buyer had repeatedly requested for extensions in providing the essential documents to the arbitration tribunal. After the repeated approvals of extensions, both the Group and the Buyer were able to provide all the essential documents before the deadline. The hearing of the arbitration tribunal had been completed on June 25, 2021, and the arbitration tribunal has made the final arbitration award partially on April 13, 2022, dismissing the Buyer's claim for arbitration. It was decided that the Buyer and its guarantor should bear joint liability for the performance of the agreement. Both parties were also required to negotiate regarding payment, related interest, currency and exchange rate and report to the arbitration tribunal within 30 days for further rulings. After the negotiation, the Buyer agreed to pay all outstanding payments of $1,251,220 thousand and overdue payment interest of $778,454 thousand on May 19, 2022, and reported the result of the negotiation to the arbitration tribunal. In addition, the arbitration tribunal made a final arbitration award on July 25, 2022, ruling that the Buyer and its guarantor should compensate Winvantage for the fees of lawyers, expert witnesses and arbitration costs of the case, totaling $109,763 thousand. As of December 31, 2022, the abovementioned receivables and overdue payment interests were fully received.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required to be disclosed by the Regulations for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	Cheng Loong Corporation	Hong Kong Gwang Loong Limited	Other receivables	Yes	482,475	459,975	-	3.00%	Short-term borrowings	-	Operating capital	-	-	-	5,668,754	11,337,509
0	Cheng Loong Corporation	Hong Kong Chung Hao Limited	Other receivables	Yes	804,125	766,625	536,638	3.00%	Short-term borrowings	-	Operating capital	-	-	-	5,668,754	11,337,509
1	Hong Kong Chung Hao Limited	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	96,495	91,995	91,995	3.00%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Suzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	91,995	91,995	91,995	3.20%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Hong Kong Shan Fu Limited	Other receivables	Yes	153,325	153,325	153,325	3.20%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Cheng Loong Vietnam Paper Investment Co., Ltd.	Other receivables	Yes	48,247	45,997	45,997	3.10%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	128,660	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
1	Hong Kong Chung Hao Limited	Winvantage Corporation	Other receivables	Yes	321,650	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
2	Hong Kong Gwang Loong Limited	Cheng Loong (Hangzhou) Investment Co., Ltd.	Other receivables	Yes	32,165	30,665	30,665	3.10%	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
2	Hong Kong Gwang Loong Limited	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	96,495	91,995	91,995	3.00%	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
2	Hong Kong Gwang Loong Limited	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	98,688	49,064	49,064	4.50%	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
2	Hong Kong Gwang Loong Limited	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	96,495	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
3	Hong Kong Loong Fu Limited	Hong Kong Shan Fu Limited	Other receivables	Yes	144,743	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	324,210	324,210
4	Shanghai Chung Hao Paper Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	292,585	286,188	286,188	3.65%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
4	Shanghai Chung Hao Paper Co., Ltd.	Henan Cheng Loong Packing Products Co., Ltd.	Other receivables	Yes	135,203	131,527	131,527	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
4	Shanghai Chung Hao Paper Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	89,640	87,680	87,680	3.65%	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
4	Shanghai Chung Hao Paper Co., Ltd.	Suzhou Cheng Loong Paper Co., Ltd	Other receivables	Yes	49,612	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
5	Suzhou Cheng Loong Paper Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	55,088	1,228	1,228	0.46%	Short-term borrowings	-	Operating capital	-	-	-	171,639	171,639
6	Henan Cheng Loong Packing Products Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	303	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	43,926	43,926
7	Shan Fu Paper (Kunsan) Co., Ltd.	Suzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	135,904	113,984	113,984	3.65%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	767,347	767,347
7	Shan Fu Paper (Kunsan) Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	114,291	111,792	111,792	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	767,347	767,347
7	Shan Fu Paper (Kunsan) Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	199,748	51,230	51,230	0.46%	Short-term borrowings	-	Operating capital	-	-	-	767,347	767,347
8	Dongguan Ming Loong Paper Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	40,947	40,947	40,947	3.85%	Short-term borrowings	-	Operating capital	-	-	-	213,143	213,143
9	Cheng Loong (Gwangtung) Paper Co., Ltd.	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	36,641	31,296	31,296	3.85%	Short-term borrowings	-	Operating capital	-	-	-	919,004	919,004

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
9	Cheng Loong (Gwangtung) Paper Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	156,870	153,440	153,440	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	919,004	919,004
10	Chengdu Cheng Loong Packing Products Co., Ltd.	Qingdao Chung Loong Paper Co., Ltd.	Other receivables	Yes	43,475	40,333	40,333	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466
10	Chengdu Cheng Loong Packing Products Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	95,812	1,582	1,582	3.85%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466
10	Chengdu Cheng Loong Packing Products Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	66,780	65,760	65,760	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466
10	Cheng Loong (Gwangtung) Investment Co., Ltd.	Henan Cheng Loong Packing Products Co., Ltd.	Other receivables	Yes	15,582	15,344	15,344	3.70%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466

Note 1: The amount and total amount for loans to a company shall not exceed 20% and 40% of the net worth of the Corporation in its latest financial statements, respectively. The amount and the total amount for loans to a company shall not exceed its net worth in the latest financial statements.

Note 2: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements during the period	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Corporation	Cheng Loong Long An Container Co., Ltd.	2	28,343,772	1,290,600	1,230,600	572,187	-	4.34%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Binh Duong Container Co., Ltd.	2	28,343,772	371,280	369,180	-	-	1.30%	51,018,790	Y	N	N
0	The Corporation	Vina Tawana Container Co., Ltd.	2	28,343,772	193,590	184,590	-	-	0.65%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Binh Duong Paper Co., Ltd.	2	28,343,772	23,772,866	22,631,716	9,523,040	-	79.85%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Bac Giang Company Limited	2	28,343,772	1,268,540	1,261,365	735,143	-	4.45%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Ben Cat Company Limited	2	28,343,772	859,905	838,065	445,387	-	2.96%	51,018,790	Y	N	N
0	The Corporation	Hong Kong Shan Fu Limited	2	28,343,772	322,650	307,650	153,825	-	1.09%	51,018,790	Y	N	N
0	The Corporation	Hong Kong Gwang Loong Limited	2	28,343,772	322,650	307,650	-	-	1.09%	51,018,790	Y	N	N

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements during the period	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Corporation	Chung Loong Paper Holdings Limited (Note 2)	2	28,343,772	451,710	430,710	-	-	1.52%	51,018,790	Y	N	N
0	The Corporation	Chung Ming International Limited (Note 2)	2	28,343,772	-	-	-	-	- %	51,018,790	Y	N	N
0	The Corporation	Chung Ming Taiwan (Note 2)	2	28,343,772	-	-	-	-	- %	51,018,790	Y	N	N
0	The Corporation	Dongguan Ming Loong Paper Co., Ltd.	2	28,343,772	546,723	473,346	265,148	-	1.67%	51,018,790	Y	N	Y
0	The Corporation	Zhangzhou Cheng Loong Paper Co., Ltd.	2	28,343,772	64,530	61,530	13,781	-	0.22%	51,018,790	Y	N	Y
0	The Corporation	Cheng Loong (Gwangtung) Paper Co., Ltd.	2	28,343,772	1,232,001	1,042,772	512,487	-	3.68%	51,018,790	Y	N	Y
0	The Corporation	Suzhou Cheng Loong Paper Co., Ltd.	2	28,343,772	798,320	492,240	205,421	-	1.74%	51,018,790	Y	N	Y

Note 1: The guarantee amount to a company shall not exceed its net worth in the latest financial statements, and the total guarantee amount to a company shall not exceed 180% of its net worth in the latest financial statements.

Note 2: The guarantee of Chung Loong Paper Holdings Limited amounting to $430,710 thousand is shared with Chung Ming International Limited and Chung Ming Taiwan.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures associates):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
	Stocks:								
The Corporation	Long Chen Paper & Packaging Co., Ltd.	-	Financial assets measured at FVOCI	3	46	-	46	-	
"	Shan Loong Transportation Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Corporation	"	12,690	404,811	9.24	404,811	9.24	
"	O-Bank Co., Ltd	-	"	7,685	64,475	0.25	64,475	0.34	
"	Linkou International Golf & Country Club	-	"	9 (shares)	11,882	0.90	11,882	0.90	
"	Ko Loong Industry Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Corporation	"	1,320	45,191	12.94	45,191	12.94	
"	Ming Foong Plastic Co., Ltd.	The institutional directors of the Corporation	"	878	38,903	8.14	38,903	8.14	
"	Hsin Tung Yang Co., Ltd.	-	"	26	1,482	0.03	1,482	0.03	
					566,790				
Omis International Holdings Limited	Franklin Templeton Investment Funds -Franklin U.S. Government Fund	-	Financial assets measured at FVTPL-current	10	3,052	-	3,052	-	
Scorpion Perfect Investments Ltd.	Franklin Templeton Investment Funds -Franklin U.S. Government Fund	-	Financial assets measured at FVTPL-current	3	915	-	915	-	
					3,967				

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
	Stock:													
The Corporation	Cheng Loong Southeast Asia Holding Co., Ltd.	Investments accounted for using equity method	Initial offerings	Subsidiary	259,980	5,346,933	81,640	2,482,355	-	-	(1,003,152) (Note 1)	-	341,620	6,826,136
Cheng Loong Southeast Asia Holding Co., Ltd.	Cheng Loong Vietnam Paper Investment Co., Ltd.	"	"	"	190,000	3,468,350	80,000	2,451,010	-	-	(1,102,428) (Note 1)	-	270,000	4,816,932
Cheng Loong Vietnam Paper Investment Co., Ltd.	Cheng Loong Binh Duong Paper Co., Ltd.	"	"	"	(Note 2)	3,506,769	(Note 2)	2,458,770	-	-	(1,102,873) (Note 1)	-	(Note 2)	4,862,666

Note 1: Adjustments based on equity methods.
Note 2: Limited liability company does not have shares.
Note 3: The above NTD amounts were translated based on the USD exchange rate at the reporting date, which was 30.6650.
Note 4: The above investments have been eliminated during the preparation of the consolidated financial statements.

(v) Acquisition of individual real estate with an amount exceeding the lower of $300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Corporation	Tzeng Long USA	An associate of the Corporation	Purchase	366,975	2%	T/T	The same as general trading	The same as general trading	-	- %	
"	Shan Loong Transportation	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	207,318	1%	50 days from the following month	"	"	(212,808)	(4)%	
"	Yamahatsu Nihon	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	969,262	5%	T/T	"	"	(10,844)	- %	
"	Sun Favorite	The institutional director of the Corporation	Sale	(1,755,600)	(5)%	90 days from the following month	"	"	379,049	8%	
"	Chung Ming Taiwan	Subsidiary's branch	Sale	(2,282,549)	(7)%	90 days from the following month	"	"	555,020	12%	(Note)
"	Shanghai Chung Hao	A subsidiary of the corporation	Sale	(163,817)	(1)%	90 days from the following month	"	"	90,886	2%	(Note)

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Corporation	Suzhou Cheng Loong	A subsidiary of the corporation	Sale	(378,583)	(1)%	90 days from the following month	The same as general trading	The same as general trading	74,739	2%	(Note)
"	Dongguan Ming Loong Paper	A subsidiary of the corporation	Sale	(266,148)	(1)%	90 days from the following month	"	"	43,429	1%	(Note)
"	Zhangzhou Cheng Loong	A subsidiary of the corporation	Sale	(114,474)	- %	90 days from the following month	"	"	20,717	- %	(Note)
"	Cheng, Chen-Loong	The second immediate family of the chairman of the Corporation	Sale	(150,450)	- %	According to the progress of the sales contract	"	"	-	- %	
Chung Ming	Dongguan Ming Loong Paper	From the same parent company	Purchase	209,358	70%	90 days from the following month	"	"	(53,483)	(79)%	(Note)
Chung Ming Taiwan	The Corporation	Ultimate controlling party	Purchase	2,282,549	38%	90 days from the following month	"	"	(555,020)	(39)%	(Note)
"	Cheng Loong (Gwangtung)	From the same parent company	Sale	(185,773)	(3)%	180 days from the following month	"	"	33,967	2%	(Note)
"	Cheng Loong (Gwangtung)	From the same parent company	Purchase	247,654	4%	90 days from the following month	"	"	(86,232)	(6)%	(Note)
"	Hong Kong Shan Fu	From the same parent company	Sale	(1,286,385)	(20)%	180 days from the following month	"	"	452,579	24%	(Note)
"	Hong Kong Shan Fu	From the same parent company	Purchase	1,859,522	31%	90 days from the following month	"	"	(467,346)	(33)%	(Note)
"	Hong Kong Gwang Loong	From the same parent company	Sale	(394,557)	(6)%	180 days from the following month	"	"	95,734	5%	(Note)
"	Hong Kong Gwang Loong	From the same parent company	Purchase	1,291,833	22%	90 days from the following month	"	"	(301,735)	(21)%	(Note)
"	Shan Fu Kunsan	From the same parent company	Sale	(199,668)	(3)%	180 days from the following month	"	"	58,568	3%	(Note)
Shanghai Chung Hao	The Corporation	Ultimate controlling party	Purchase	163,817	46%	90 days from the following month	"	"	(90,886)	(45)%	(Note)
Shan Fu Kunsan	Chung Ming Taiwan	From the same parent company	Purchase	199,668	67%	180 days from the following month	"	"	(58,568)	(48)%	(Note)
Suzhou Cheng Loong	The Corporation	Ultimate controlling party	Purchase	378,583	65%	90 days from the following month	"	"	(74,739)	(56)%	(Note)
Cheng Loong (Gwangtung)	Hong Kong Gwang Loong	From the same parent company	Sale	(466,410)	(49)%	90 days from the following month	"	"	57,039	33%	(Note)
"	Chung Ming Taiwan	From the same parent company	Sale	(247,654)	(26)%	90 days from the following month	"	"	86,232	50%	(Note)
"	Chung Ming Taiwan	From the same parent company	Purchase	185,773	44%	180 days from the following month	"	"	(33,967)	(28)%	(Note)
Dongguan Ming Loong Paper	The Corporation	Ultimate controlling party	Purchase	266,148	31%	90 days from the following month	"	"	(43,429)	(31)%	(Note)
"	Chung Ming	From the same parent company	Sale	(209,358)	(22)%	90 days from the following month	"	"	53,483	23%	(Note)
Zhangzhou Cheng Loong	The Corporation	Ultimate controlling party	Purchase	114,474	62%	90 days from the following month	"	"	(20,717)	(62)%	(Note)
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	Sale	(1,859,522)	(100)%	90 days from the following month	"	"	467,346	99%	(Note)

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	Purchase	1,286,385	49%	180 days from the following month	The same as general trading	The same as general trading	(452,579)	(76)%	(Note)
"	Cheng Loong (Long An)	From the same parent company	Purchase	120,490	5%	90 days from the following month	"	"	(13,429)	(2)%	(Note)
"	Cheng Loong (Binh Duong)	From the same parent company	Purchase	363,044	14%	90 days from the following month	"	"	(69,429)	(12)%	(Note)
"	Vina	From the same parent company	Purchase	132,609	5%	90 days from the following month	"	"	(27,318)	(5)%	(Note)
Hong Kong Gwang Loong	Chung Ming Taiwan	From the same parent company	Sale	(1,291,833)	(100)%	90 days from the following month	"	"	301,735	80%	(Note)
"	Chung Ming Taiwan	From the same parent company	Purchase	394,557	30%	180 days from the following month	"	"	(95,734)	(52)%	(Note)
"	Cheng Loong (Gwangtung)	From the same parent company	Purchase	466,410	35%	90 days from the following month	"	"	(57,039)	(31)%	(Note)
Vina	Hong Kong Shan Fu	From the same parent company	Sale	(132,609)	(8)%	90 days from the following month	"	"	27,318	13%	(Note)
"	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	308,228	22%	30 days from the following month	"	"	(36,964)	(32)%	(Note)
"	Cheng Loong (Long An)	From the same parent company	Purchase	110,029	8%	30 days from the following month	"	"	(2,524)	(2)%	(Note)
Cheng Loong (Binh Duong) Paper	Cheng Loong (Long An)	From the same parent company	Sale	(340,589)	(8)%	90 days from the following month	"	"	66,674	18%	(Note)
"	Cheng Loong (Binh Duong)	From the same parent company	Sale	(645,421)	(16)%	30 days from the following month	"	"	60,488	16%	(Note)
"	Vina	From the same parent company	Sale	(308,228)	(8)%	30 days from the following month	"	"	36,964	10%	(Note)
"	Yamahatsu Nihon	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	153,258	4%	T/T	"	"	(1,140)	- %	
Cheng Loong (Binh Duong)	Hong Kong Shan Fu	From the same parent company	Sale	(363,044)	(16)%	90 days from the following month	"	"	69,429	21%	(Note)
"	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	645,421	36%	30 days from the following month	"	"	(60,488)	(29)%	(Note)
Cheng Loong (Long An)	Hong Kong Shan Fu	From the same parent company	Sale	(120,490)	(11)%	90 days from the following month	"	"	13,429	11%	(Note)
"	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	340,589	41%	90 days from the following month	"	"	(66,674)	(62)%	(Note)
"	Vina	From the same parent company	Sale	(110,029)	(10)%	30 days from the following month	"	"	2,524	2%	(Note)

Note: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of the relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Loss allowance	Note
					Amount	Action taken			
			Accounts Receivable:						
The Corporation	Sun Favorite	The institutional director of the Corporation	379,049	3.32	-		114,671	-	
"	Chung Ming Taiwan	Subsidiary's branch	555,020	4.71	-		234,158	-	(Note 2)
Chung Ming Taiwan	Hong Kong Shan Fu	From the same parent company	452,579	3.57	-		104,077	-	(Note 2)
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	467,346	6.62	-		174,708	-	(Note 2)
Hong Kong Gwang Loong	Chung Ming Taiwan	From the same parent company	301,735	4.84	-		110,562	-	(Note 2)
			Other receivables:						
The Corporation	Hong Kong Chung Hao	A subsidiary of the Corporation	536,638	-	-		-	-	(Note 2)
Shanghai Chung Hao	Henan Cheng Loong	From the same parent company	131,527	-	-		-	-	(Note 2)
"	Chong Qing Cheng Loong	From the same parent company	286,188	-	-		-	-	(Note 2)
Shan Fu Kunsan	Suzhou Cheng Loong	From the same parent company	113,984	-	-		-	-	(Note 2)
"	Chong Qing Cheng Loong	From the same parent company	111,792	-	-		-	-	(Note 2)
Cheng Loong (Gwangtung)	Chong Qing Cheng Loong	From the same parent company	153,440	-	-		-	-	(Note 2)
Hong Kong Chung Hao	Hong Kong Shan Fu	From the same parent company	153,325	-	-		-	-	(Note 2)

Note 1: Amounts collected as of February 10, 2023.
Note 2: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of Counter-party	Nature of the relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Corporation	Chung Ming Taiwan	1	Sales Revenue	2,282,549	90 days from the following month	5.20%
1	Chung Ming Taiwan	Hong Kong Shan Fu	3	Sales Revenue	1,286,385	180 days from the following month	2.93%
2	Cheng Loong (Gwangtung)	Hong Kong Gwang Loong	3	Sales Revenue	466,410	90 days from the following month	1.06%
3	Hong Kong Shan Fu	Chung Ming Taiwan	3	Sales Revenue	1,859,522	90 days from the following month	4.23%
4	Hong Kong Gwang Loong	Chung Ming Taiwan	3	Sales Revenue	1,291,833	90 days from the following month	2.94%
5	Cheng Loong (Binh Duong) Paper	Cheng Loong (Binh Duong)	3	Sales Revenue	645,421	30 days from the following month	1.47%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.
Note 2: "1" represents the transactions from parent company to subsidiary.
"2" represents the transactions from subsidiary to parent company.
"3" represents the transactions between subsidiaries.
Note 3: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership (%)	Net income (losses) of investee	Share of profits/ losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership (%)	Carrying value				
The Corporation	Ta-Yuan Cogeneration Co., Ltd.	Taiwan	Engaged in the management of cogeneration	310,459	310,459	50,201	41.06	804,583	41.06	368,069	151,134	(Note 6)
"	Tzeng Long USA Inc.	U.S.A	Paper trading	76,008	76,008	393	34.03	504,858	34.03	166,617	56,700	(Note 6)
"	Shin Loong Lifecare Corp.	Taiwan	Leisure, sports and creation management and facilities consultation	25,091	25,091	2,700	45.00	22,024	45.00	2,564	1,154	(Note 6)
"	Cheng Loong Investment Co., Ltd.	Taiwan	Investment	45,000	45,000	4,500	34.62	196,256	34.62	30,078	10,413	(Note 6)
"	GemTech Optoelectronics Corp.	Taiwan	Manufacture and Installation of Electronic Components	125,118	125,118	11,167	59.13	222,610	59.13	37,147	21,964	(Note 4 and Note 5)
"	Omis International Holdings Limited	British Virgin Islands	Investment	564,392 (Note 7)	2,638,402	13,586	100.00	4,874,766	100.00	998,667	998,667	(Note 4 and Note 5)
"	Vina Tawana Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Cardboard, Kraft Linerboard and Display Boxes	601,322	601,322	(Note 2)	100.00	647,545	100.00	139,058	139,058	(Note 4 and Note 5)
"	Cheng Loong Southeast Asia Holding Co., Ltd.	Samoa	Investment	10,314,792	7,832,437	341,620	100.00	6,826,136	100.00	(1,098,307)	(1,098,307)	(Note 4 and Note 5)
"	Accumulated impairment							(16,025)				
	Total							**14,082,753**			**280,783**	
GemTech Optoelectronics Corp.	Ta-Yuan Cogeneration Co., Ltd.	Taiwan	Engaged in the management of cogeneration	9,979	-	334	0.27	10,384	0.27	368,069	863	(Note 6)
Omis International Holdings Limited	Chung Loong Paper Holdings Limited	Cayman Islands	Investment	1,615,524 (USD 52,683 thousand) (Note 8)	2,653,872 (USD 86,544 thousand)	22,574	84.18	4,695,793	84.18	1,185,637	998,070	(Note 4 and Note 5)
Chung Loong Paper Holdings Limited	Scorpion Perfect Investments Ltd.	British Virgin Islands	Investment	1,214,150 (USD 39,594 thousand)	1,214,150 (USD 39,594 thousand)	60,078	100.00	1,529,073	100.00	(153,169)	(153,169)	(Note 4 and Note 5)
"	Winvantage Corporation	British Virgin Islands	Investment	116,926 (USD 3,813 thousand)	116,926 (USD 3,813 thousand)	1	100.00	2,636	100.00	1,185,042	1,185,042	(Note 4 and Note 5)
"	Shan Fu Investment Co., Ltd.	Samoa	Investment	253,937 (USD 8,281 thousand)	253,937 (USD 8,281 thousand)	14,083	100.00	742,186	100.00	4,565	4,565	(Note 4 and Note 5)
"	Cheng Loong (Suzhou) Investment Co., Ltd.	Samoa	Investment	594,318 (USD 19,381 thousand)	594,318 (USD 19,381 thousand)	19,500	100.00	179,907	100.00	(122,064)	(122,064)	(Note 4 and Note 5)
"	Cheng Loong (Hangzhou) Investment Co., Ltd.	Samoa	Investment	307 (USD10 thousand)	307 (USD10 thousand)	10	100.00	(28,034)	100.00	542	542	(Note 4 and Note 5)
"	Cheng Loong (Gwangtung) Investment Co., Ltd.	Samoa	Investment	633,232 (USD 20,650 thousand)	633,232 (USD 20,650 thousand)	30,150	100.00	1,434,032	100.00	(8,018)	(8,018)	(Note 4 and Note 5)
Chung Loong Paper Holdings Limited	Loong Fu Investment Co., Ltd.	Samoa	Investment	255,317 (USD 8,326 thousand)	255,317 (USD 8,326 thousand)	8,500	100.00	323,985	100.00	3,287	3,287	(Note 4 and Note 5)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership (%)	Net income (losses) of investee	Share of profits/ losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership (%)	Carrying value				
Chung Loong Paper Holdings Limited	Chung Ming International Limited	Samoa	Investment	30,665 (USD 1,000 thousand)	30,665 (USD 1,000 thousand)	1,000	100.00	1,301,635	100.00	267,311	267,311	(Note 4 and Note 5)
Scorpion Perfect Investments Ltd.	Hong Kong Chung Hao Limited	Hong Kong	Investment	1,804,574 (USD 58,848 thousand)	1,804,574 (USD 58,848 thousand)	(Note 2)	100.00	1,523,409	100.00	(153,081)	(153,081)	(Note 4 and Note 5)
Shan Fu Investment Co., Ltd.	Hong Kong Shan Fu Limited	Hong Kong	Investment	431,855 (USD 14,083 thousand)	431,855 (USD 14,083 thousand)	(Note 2)	100.00	721,239	100.00	4,480	4,480	(Note 4 and Note 5)
Cheng Loong (Suzhou) Investment Co., Ltd.	Hong Kong Su Loong Limited	Hong Kong	Investment	567,303 (USD 18,500 thousand)	567,303 (USD 18,500 thousand)	(Note 2)	100.00	171,651	100.00	(122,079)	(122,079)	(Note 4 and Note 5)
Cheng Loong (Gwangtung) Investment Co., Ltd.	Hong Kong Gwang Loong Limited	Hong Kong	Investment	1,200,535 (USD 39,150 thousand)	1,200,535 (USD 39,150 thousand)	(Note 2)	100.00	1,323,806	100.00	(7,962)	(7,962)	(Note 4 and Note 5)
Loong Fu Investment Co., Ltd.	Hong Kong Loong Fu Limited	Hong Kong	Investment	260,653 (USD 8,500 thousand)	260,653 (USD 8,500 thousand)	(Note 2)	100.00	324,210	100.00	3,287	3,287	(Note 4 and Note 5)
Chung Ming International Limited	CorAsia Corp.	U.S.A	Design of Paper Boxes	16,866 (USD 550 thousand)	16,866 (USD 550 thousand)	(Note 2)	100.00	18,523	100.00	2,029	2,029	(Note 4 and Note 5)
Cheng Loong Southeast Asia Holding Co., Ltd.	Cheng Loong Vietnam Investment Co., Ltd.	Samoa	Investment	2,223,519 (USD 72,510 thousand)	2,173,229 (USD 70,870 thousand)	72,510	100.00	2,007,621	100.00	(15,634)	(15,634)	(Note 4 and Note 5)
"	Cheng Loong Indonesia Investment Co., Ltd.	Samoa	Investment	30,358 (USD 990 thousand)	30,358 (USD 990 thousand)	990	100.00	486	100.00	(320)	(320)	(Note 4 and Note 5)
"	CL Jakarta Container, PT	Indonesia	Cardboard and Paper Products	307 (USD10 thousand)	307 (USD10 thousand)	(Note 2)	1.00	1	1.00	(4)	-	(Note 4 and Note 5)
"	Cheng Loong Vietnam Paper Investment Co., Ltd.	Samoa	Investment	8,279,550 (USD 270,000 thousand)	5,826,350 (USD 190,000 thousand)	270,000	100.00	4,816,932	100.00	(1,082,318)	(1,082,318)	(Note 4 and Note 5)
Cheng Loong Vietnam Investment Co., Ltd.	Cheng Loong Binh Duong Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes	674,630 (USD 22,000 thousand)	674,630 (USD 22,000 thousand)	(Note 2)	100.00	782,552	100.00	81,105	81,105	(Note 4 and Note 5)
"	Cheng Loong Long An Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Paper Boxes	827,955 (USD 27,000 thousand)	827,955 (USD 27,000 thousand)	(Note 2)	100.00	471,888	100.00	(35,655)	(35,655)	(Note 4 and Note 5)
"	Cheng Loong Bac Giang Company Limited	Vietnam	Manufacture of Advanced Packaging for Electronic Products and Tissue, Carton, Wrapping paper, Pallets for Export, Separator, Other Paper Products, Lithographic and Flexographic packaging	551,970 (USD 18,000 thousand)	306,650 (USD 10,000 thousand)	(Note 2)	100.00	444,002	100.00	(16,138)	(16,138)	(Note 4 and Note 5)
"	Cheng Loong Ben Cat Company Limited	Vietnam	Corrugated Medium, Corrugated Paper, Paper and Cardboard Packaging	367,980 (USD 12,000 thousand)	367,980 (USD 12,000 thousand)	(Note 2)	100.00	256,013	100.00	(45,640)	(45,640)	(Note 4 and Note 5)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership (%)	Net income (losses) of investee	Share of profits/ losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership (%)	Carrying value				
Cheng Loong Vietnam Investment Co., Ltd.	Cheng Tong Investment Co., Ltd.	Samoa	Investment	50,291 (USD 1,640 thousand) (Note 9)	-	1,640	40.00	50,510	40.00	547	219	(Note 6)
Cheng Loong Indonesia Investment Co., Ltd.	CL Jakarta Container, PT	Indonesia	Cardboard and Paper Products	30,358 (USD 990 thousand)	30,358 (USD 990 thousand)	(Note 2)	99.00	133	99.00	(4)	(4)	(Note 4 and Note 5)
Cheng Loong Vietnam Paper Investment Co., Ltd.	Cheng Loong Binh Duong Paper Co., Ltd.	Vietnam	Manufacture of Industrial and Household Paper	8,279,642 (USD 270,003 thousand)	5,826,442 (USD 190,003 thousand)	(Note 2)	100.00	4,862,666	100.00	(1,079,341)	(1,079,341)	(Note 4 and Note 5)
Cheng Loong Binh Duong Paper Co., Ltd.	Chinh Loong Co., Ltd.	Vietnam	Water treatment, Wastewater treatment, Maintenance and Technical Repair	28,786	28,786	(Note 2)	99.00	24,271	99.00	(888)	(879)	(Note 4 and Note 5)

Note 1: Profit (loss) accounted for using equity method and unrealized gain (loss) are included.
Note 2: Limited liability company.
Note 3: The above investment amounts were translated based on the USD exchange rate at the reporting date, which was 30.6650.
Note 4: The above investments have been eliminated during the preparation of the consolidated financial statements.
Note 5: A subsidiary of the Corporation.
Note 6: An associate of the Corporation.
Note 7: Omis International Holdings Limited returned the capital amounting to USD 33,861 thousand and USD 33,174 thousand, respectively, in July and October 2022.
Note 8: Chung Loong Paper Holdings Limited returned the capital amounting to USD 33,861 thousand in July 2022.
Note 9: Invested capital and completed the registration process in the fourth quarter of 2022.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 5)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Highest Percentage of ownership	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Shanghai Chung Hao Paper Co., Ltd.	Paper Containers, Household Papers and Core Papers	668,497 (USD 21,800 thousand) (Note 1)	(2) (Hong Kong Chung Hao Limited)	421,521 (USD 13,746 thousand)	-	-	421,521 (USD 13,746 thousand)	(77,815)	84.18%	84.18%	(65,505)	1,105,363	-
Shan Fu Paper (Kunsan) Co., Ltd.	Corrugated Paper Boxes, Cardboard and Paper Products	429,310 (USD 14,000 thousand)	(2) (Hong Kong Shan Fu Limited)	253,968 (USD 8,282 thousand)	-	-	253,968 (USD 8,282 thousand)	42,121	84.18%	84.18%	35,458	645,953	-
Suzhou Cheng Loong Paper Co., Ltd.	Cardboard	567,303 (USD 18,500 thousand) (Note 2)	(2) (Hong Kong Su Loong Limited)	563,623 (USD 18,380 thousand)	-	-	563,623 (USD 18,380 thousand)	(122,079)	84.18%	84.18%	(102,766)	144,486	-
Cheng Loong (Gwangtung) Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products and Packaging Decoration Printing	950,615 (USD 31,000 thousand)	(2) (Hong Kong Gwang Loong Limited)	633,232 (USD 20,650 thousand)	-	-	633,232 (USD 20,650 thousand)	(25,717)	84.18%	84.18%	(21,648)	773,618	-
Zhangzhou Cheng Loong Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products	422,564 (USD 13,780 thousand)	(2) (Hong Kong Chung Hao Limited)	127,106 (USD 4,145 thousand)	-	-	127,106 (USD 4,145 thousand)	(60,583)	84.18%	84.18%	(50,998)	53,515	-
Qingdao Chung Loong Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products	122,660 (USD 4,000 thousand)	(2) (Hong Kong Chung Hao Limited)	920 (USD 30 thousand)	-	-	920 (USD 30 thousand)	(6,732)	84.18%	84.18%	(5,667)	7,144	-

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 5)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Highest Percentage of ownership	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Chong Qing Cheng Loong Paper Co., Ltd.	Corrugated Cardboard, Corrugated Boxes, Display Boxes, Paper Pallets and Paper Products	413,978 (USD 13,500 thousand)	(2) (Hong Kong Chung Hao Limited)	96,411 (USD 3,144 thousand) (Note 3)	-	-	96,411 (USD 3,144 thousand)	(66,754)	67.34%	67.34%	(44,955)	(278,080)	-
Chengdu Cheng Loong Packing Products Co., Ltd.	Corrugated Cardboard, Paper Boxes, Paper Pallets and Paper Products	124,071 (USD 4,046 thousand)	(2) (Hong Kong Chung Hao Limited)	84,666 (USD 2,761 thousand)	-	-	84,666 (USD 2,761 thousand)	31,227	84.18%	84.18%	26,287	289,971	-
Dongguan Ming Loong Paper Co., Ltd.	Corrugated Cardboard, Corrugated Boxes, Paper Pallets, paper products, Foam, Anti-Static Bubble Bags, Plastic buffer Packaging Materials and Packaging Decoration Printing	77,950 (USD 2,542 thousand)	(3) (Note 4)	-	-	-	-	11,955	84.18%	84.18%	10,064	179,424	-
Henan Cheng Loong Packing Products Co., Ltd.	Corrugated Cardboard and Packaging Products	306,343 (USD 9,990 thousand)	(3) (Note 4)	47,439 (USD 1,547 thousand)	-	-	47,439 (USD 1,547 thousand)	(25,522)	84.18%	84.18%	(21,484)	36,977	-

Note 1: Capital increase from retained earnings of USD3,780 thousand included.
Note 2: Capital increase from loan of USD2,000 thousand included.
Note 3: Investment capital recovered from Hangzhou Shengming was reinvested in Chong Qing Cheng Loong (USD2,990 thousand) and Cheng Loong (Hangzhou) with the amount of USD10 thousand in the first quarter of 2011.
Note 4: Except for the above disclosed investment capital, the capital of Dongguan Ming Loong Paper Co., Ltd., Zhangzhou Cheng Loong Paper Co., Ltd., Qingdao Chung Loong Paper Co., Ltd., Chengdu Cheng Loong Packing Products Co., Ltd., Chong Qing Cheng Loong Paper Co., Ltd., Cheng Loong (Gwangtung) Paper Co., Ltd., and Henan Cheng Loong Packing Products Co., Ltd., were invested from retained earnings.
Note 5: There are three ways to invest in China:
(1) Direct investment.
(2) Invest through offshore company (offshore investment company).
(3) Others.
Note 6: The above investments have been eliminated during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,228,886 (USD72,685 thousand)	3,261,775 (USD106,368 thousand) (Note 7)	17,006,263 (USD554,582 thousand)

Note 7: Permitted capital increase from retained earnings included.
Note 8: The above investment amounts were translated based on the USD exchange rate at the reporting date, which was 30.6650.

The above investment income (losses) in mainland China were recognized base on the financial statements audited by the Corporation’s auditors.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the year ended December 31, 2022, are disclosed in “Information on significant transactions” and “ Business relationships and significant intercompany transactions.”

(d) Major shareholders:

Unit: Shares

Shareholding / Shareholder's Name	Shares	Percentage
Sun Favorite Co., Ltd.	57,206,078	5.16%

(14) Segment information

(a)General information

For the purpose of resource allocation and performance measurement, the Group separates the operating segments according to the customers' geographical locations, and regularly monitors and manages every segment's operating results through the Corporation's Board of Directors. The operating segments of China, Taiwan, and Southeast Asia are the reportable segments, whose revenues mainly come from the manufacturing and sale of industrial paper, corrugated containers, and related products. Since the operating segments supply different kinds of products and services, and the sales units will differ in their product categories and marketing strategies, the operating segments are managed separately.

The measurement of the Group's operating segments is based on profit (loss) before income tax, which has also been taken as the basis of performance evaluation. The accounting policies of the operating segments are the same as those in the summary of significant accounting policies described in note 4. Sales and transfers between the segments are regarded as transactions with third parties, and are measured by using the current market prices.

For the years ended December 31, 2022 and 2021, the Group's operating segment information was as follows:

	2022				
	Taiwan	China	Southeast Asia	Adjustments and Eliminations	Total
Operating revenues					
Sales to external customers	$ 29,630,848	7,437,314	6,853,566	-	43,921,728
Sales among segments	3,221,450	2,535	702,141	(3,926,126)	-
Total	**$ 32,852,298**	**7,439,849**	**7,555,707**	**(3,926,126)**	**43,921,728**
Profit before income tax	**$ 2,709,567**	**1,375,581**	**(888,188)**	**-**	**3,196,960**

	2021				
	Taiwan	China	Southeast Asia	Adjustments and Eliminations	Total
Operating revenues					
Sales to external customers	$ 31,408,811	6,716,345	6,860,934	-	44,986,090
Sales among segments	3,150,534	-	360,639	(3,511,173)	-
Total	**$ 34,559,345**	**6,716,345**	**7,221,573**	**(3,511,173)**	**44,986,090**
Profit before income tax	**$ 4,530,328**	**393,949**	**63,298**	**-**	**4,987,575**

(b) Entity-wide information

(i) Products and services information

Revenue from the external customers of the Group was as follows:

Products and services	2022	2021
Corrugated containers	$ 24,450,127	23,585,269
Cardboard	14,246,267	15,659,563
Paper	4,624,725	4,377,056
Others	600,609	1,364,202
Total	**$ 43,921,728**	**44,986,090**

(ii) Geographical information

In presenting information on the basis of geography, revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets.

Revenue from the external customers:

Geographical information	2022	2021
Taiwan	$ 29,630,848	31,408,811
China	7,437,314	6,716,345
Southeast Asia	6,853,566	6,860,934
Total	**$ 43,921,728**	**44,986,090**

Non-current assets:

Geographical information	December 31, 2022	December 31, 2021
Taiwan	$ 26,510,587	25,339,712
China	2,534,768	2,865,857
Southeast Asia	12,898,452	9,487,738
Total	**$ 41,943,807**	**37,693,307**

Non-current assets include property, plant and equipment, investment property, and other assets, not including financial instruments and deferred tax assets.

(iii) Major customer information:

The Group’s revenues from a single customer did not exceed 10% of operating revenues in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, so the Group does not disclose any information on major customers.

5. A Parent Company Only Financial Report for the Most Recent Fiscal Year, Certified by a CPA

Independent Auditors' Report

To the Board of Directors of CHENG LOONG CORPORATION:

Opinion

We have audited the parent company only financial statements of CHENG LOONG CORPORATION ("the Corporation"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, 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 other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to those investments accounted for using equity method, are based solely on the reports of the other auditors. As of December 31, 2022 and 2021, the investments accounted for using equity method constituted 6.52% and 5.89%, respectively, of the total assets; and the share of profit of associates accounted for using equity method constituted 8.23% and 4.89%, respectively, of the profit before income tax.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. 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, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

   Please refer to note 4(g) for the accounting policy for "Inventories", note 5 for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(d) for the details and related expenses for "Inventories".

   Description of key audit matter:

   Inventories of the Corporation are measured at the lower of cost and net realizable value. Due to the rapid transformation of economic environment and the fact that paper prices are directly affected by the international raw materials market, there is a risk that the cost of the inventory would be higher than its net realizable value. Furthermore, the estimation of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty.

   How the matter was addressed in our audit:

   Understanding the policies of evaluating the allowance and obsolescence of the inventories of the Corporation; inspecting whether existing inventory policies are applied; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate; sampling the price variation or inventories sold in the subsequent period and understanding the sales price used by the management to access whether the net realizable value and the allowance for inventories are reasonable.

2. Investments accounted for using equity method

   Please refer to note 4(i) for the accounting policy for"Investments in subsidiaries", and note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(f) for the related transactions and information for"Investments accounted for using equity method".

   Description of key audit matter:

   The estimation of net realizable value of inventories of certain subsidiaries of the Corporation requires subjective judgments of the management, which is the major source of estimation uncertainty. It is an accounting estimate with uncertainty and affects the operating results of the subsidiaries. Therefore, the valuation of inventories of the subsidiaries accounted for using equity method is the key audit matters for our audit.

   How the matter was addressed in our audit:

   For the main audit procedures for the valuation of the net realizable value of inventories related to the investments accounted for using equity method, please refer to Key Audit Matters "Evaluation of inventories".

Responsibilities of Management and Those Charged with Governance 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, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation 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 Corporation's financial reporting process.

Auditor's Responsibilities for the 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei-Pin Wu and Hung-Wen Fu.

KPMG
Taipei, Taiwan (Republic of China)

March 14, 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,213,361	4	2,170,491	4
1170	Notes and accounts receivable, net (notes 6(c) and (q))	3,269,753	6	3,772,019	7
1180	Notes and accounts receivable–related parties, net (notes 6(c), (q) and 7)	1,195,113	2	1,561,084	3
1310	Inventories, net (note 6(d))	3,892,581	7	3,422,062	6
1320	Construction in progress and building for sale (note 6(e))	3,007,952	5	2,710,756	5
1479	Other current assets (notes 6(b) and 7)	1,544,502	3	1,608,106	3
		15,123,262	27	15,244,518	28
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income–non-current (note 6(b))	566,790	1	658,046	1
1550	Investments accounted for using equity method (notes 6(f) and 7)	14,082,753	25	13,145,714	24
1600	Property, plant and equipment (notes 6(g), 7 and 8)	24,287,847	42	23,050,768	42
1755	Right-of-use assets (notes 6(h), 7 and 8)	1,085,492	2	1,056,873	2
1760	Investment property, net (notes 6(i) and 8)	928,679	2	1,003,387	2
1840	Deferred tax assets (note 6(n))	553,653	1	629,411	1
1990	Other non-current assets	204,614	-	201,290	-
		41,709,828	73	39,745,489	72
	Total assets	**$ 56,833,090**	**100**	**54,990,007**	**100**

See accompanying notes to parent company only financial statements.

		December 31, 2022		December 31, 2021	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 11,349	-	1,827,276	4
2170	Notes and accounts payable	4,663,815	8	4,554,420	8
2180	Notes and accounts payable–related parties (note 7)	302,359	1	348,284	1
2280	Current lease liabilities (notes 6(k) and 7)	79,746	-	53,227	-
2320	Current portion of long-term borrowings (note 6(j))	712,800	1	148,700	-
2399	Other current liabilities (notes 6(b), (e), (q) and 7)	3,387,047	6	3,756,052	7
		9,157,116	16	10,687,959	20
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j))	16,809,178	30	13,755,781	25
2570	Deferred tax liabilities (note 6(n))	1,141,915	2	1,336,315	2
2580	Non-current lease liabilities (notes 6(k) and 7)	757,082	1	739,667	1
2640	Net defined benefit liability (note 6(m))	58,441	-	706,367	1
2670	Other non-current liabilities	565,586	1	509,726	1
		19,332,202	34	17,047,856	30
	Total liabilities	28,489,318	50	27,735,815	50
3100	Capital stock (note 6(o))	11,082,745	19	11,082,745	20
3200	Capital surplus (note 6(o))	1,157,532	2	1,157,532	2
3310	Legal reserve (note 6(o))	3,871,782	7	3,485,170	7
3320	Special reserve (note 6(o))	1,636,282	3	1,589,982	3
3350	Unappropriated retained earnings (notes 6(b) and (o))	12,048,748	21	11,575,045	21
3411	Exchange differences on translation of foreign financial statements	(1,787,408)	(3)	(2,095,698)	(4)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	334,091	1	459,416	1
	Total equity	28,343,772	50	27,254,192	50
	Total liabilities and equity	**$ 56,833,090**	**100**	**54,990,007**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	**Amount**	%
4000	**Operating revenue (notes 6(l), (q) and 7)**	$ 32,631,563	100	34,294,239	100
5000	**Operating costs (notes 6(d), (m), (r), 7 and 12)**	26,723,272	82	26,144,648	76
	Gross profit from operations	5,908,291	18	8,149,591	24
	Operating expenses (notes 6(c), (k), (m), (r), 7 and 12):				
6100	Selling expenses	2,095,678	7	2,094,703	6
6200	Administrative expenses	1,596,817	5	1,577,878	5
6300	Research and development expenses	104,268	-	101,623	-
6450	Expected credit losses (reversal of expected credit losses)	(993)	-	23,264	-
		3,795,770	12	3,797,468	11
	Net operating income	2,112,521	6	4,352,123	13
	Non-operating income and expenses:				
7010	Other income (notes 6(s) and 7)	237,235	-	183,247	-
7020	Other gains and losses, net (notes 6(g), (s) and 7)	322,147	1	(31,258)	-
7050	Finance costs (notes 6(e), (g), (k), (s) and 7)	(219,220)	-	(146,583)	-
7070	Share of profit of subsidiaries and associated accounted for using equity method (note 6(f))	280,783	1	410,045	1
		620,945	2	415,451	1
	Profit before income tax	2,733,466	8	4,767,574	14
7950	**Less: Income tax expenses (note 6(n))**	213,368	-	804,152	2
	Profit	2,520,098	8	3,963,422	12
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans after income tax (notes 6(m) and (n))	485,771	1	(139,485)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(62,291)	-	122,594	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(56,566)	-	33,527	-
	Items that may not be reclassified subsequently to profit or loss	366,914	1	16,636	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	385,363	1	(200,304)	(1)
8399	Income tax expenses related to items that may be reclassified to profit or loss (note 6(n))	(77,073)	-	40,061	-
	Items that may be reclassified subsequently to profit or loss	308,290	1	(160,243)	(1)
8300	**Other comprehensive income (loss)**	675,204	2	(143,607)	(1)
	Comprehensive income	**$ 3,195,302**	**10**	**3,819,815**	**11**
	Earnings per share (note 6(p))				
9750	**Basic earnings per share (NT dollars)**	**$**	**2.27**		**3.58**
9850	**Diluted earnings per share (NT dollars)**	**$**	**2.27**		**3.57**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
Balance on January 1, 2021	$ 11,082,745	1,132,062	3,126,808	1,014,000	10,638,168	(1,935,455)	345,473	25,403,801
Profit	-	-	-	-	3,963,422	-	-	3,963,422
Other comprehensive income	-	-	-	-	(97,307)	(160,243)	113,943	(143,607)
Total comprehensive income	-	-	-	-	3,866,115	(160,243)	113,943	3,819,815
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	358,362	-	(358,362)	-	-	-
Special reserve	-	-	-	575,982	(575,982)	-	-	-
Cash dividends	-	-	-	-	(1,994,894)	-	-	(1,994,894)
Changes in equity of associates accounted for using equity method	-	25,470	-	-	-	-	-	25,470
Balance on December 31, 2021	11,082,745	1,157,532	3,485,170	1,589,982	11,575,045	(2,095,698)	459,416	27,254,192
Profit	-	-	-	-	2,520,098	-	-	2,520,098
Other comprehensive income	-	-	-	-	489,273	308,290	(122,359)	675,204
Total comprehensive income	-	-	-	-	3,009,371	308,290	(122,359)	3,195,302
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	386,612	-	(386,612)	-	-	-
Special reserve	-	-	-	46,300	(46,300)	-	-	-
Cash dividends	-	-	-	-	(2,105,722)	-	-	(2,105,722)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	2,966	-	(2,966)	-
Balance on December 31, 2022	**$ 11,082,745**	**1,157,532**	**3,871,782**	**1,636,282**	**12,048,748**	**(1,787,408)**	**334,091**	**28,343,772**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before income tax	$ 2,733,466	4,767,574
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,708,325	1,526,882
Expected credit losses (reversal of expected credit losses)	(993)	23,264
Interest expense	219,220	146,583
Interest income	(13,903)	(13,160)
Dividend income	(35,228)	(30,423)
Share of profit of subsidiaries and associates accounted for using equity method	(280,783)	(410,045)
Gain on disposal of property, plant and equipment	(31,669)	(2,328)
Impairment loss on property, plant and equipment	-	33,110
Gain on disposal of investment properties	(703)	-
Net gains on financial assets and liabilities at fair value through profit or loss	(7,609)	(6,570)
Total adjustments to reconcile profit (loss)	1,556,657	1,267,313
Changes in operating assets and liabilities:		
Notes and accounts receivable	503,259	(824,436)
Notes and accounts receivable–related parties	365,971	161,331
Inventories	(470,519)	(777,110)
Construction in progress and building for sale	(297,196)	462,308
Other current assets	(45,045)	114,087
Notes and accounts payable	109,395	430,624
Notes and accounts payable–related parties	(45,925)	20,988
Other current liabilities	(273,023)	(419,006)
Net defined benefit liability and other non-current liabilities	(106,569)	(590,851)
Total adjustments	1,297,005	(154,752)
Cash inflow generated from operations	4,030,471	4,612,822
Interest received	15,092	11,530
Cash dividends received	116,114	100,705
Interest paid	(227,852)	(159,205)
Income taxes paid	(571,450)	(499,984)
Net cash flows from operating activities	3,362,375	4,065,868
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(2,482,355)	(1,669,760)
Proceeds from capital reduction of investments accounted for using equity method	2,074,010	-
Acquisition of property, plant and equipment	(2,727,191)	(4,046,834)
Proceeds from disposal of property, plant and equipment	49,699	11,939
Proceeds from disposal of investment properties	2,402	-
Increase in non-current assets	(16,789)	(5,214)
Decrease in other current assets	112,667	220,245
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,965	-
Net cash flows used in investing activities	(2,958,592)	(5,489,624)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(1,815,927)	29,072
Increase in long-term borrowings	3,617,497	2,372,201
Cash dividends paid	(2,105,722)	(1,994,894)
Payment of lease liabilities	(56,761)	(55,500)
Net cash flows from (used in) financing activities	(360,913)	350,879
Net increase (decrease) in cash and cash equivalents	42,870	(1,072,877)
Cash and cash equivalents at beginning of year	2,170,491	3,243,368
Cash and cash equivalents at end of year	**$ 2,213,361**	**2,170,491**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHENG LOONG CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CHENG LOONG CORPORATION (the “Corporation”) was incorporated on February 4, 1959. The address of the Corporation’s registered office is No. 1, Min Sheng Rd., Sec. 1, Banqiao Dist., New Taipei City. On November 1, 2004, the Corporation merged with Tien Long Paper Manufacturing Co., Ltd. and on January 1, 2015, merged with Shan Fu Paper Co., Ltd.

The main activities of the Corporation include:

(a) the manufacturing and sale of paper products;

(b) the manufacturing and sale of materials for paper products;

(c) the manufacturing and sale of corrugated carton and paper-related products; and

(d) the building of residential and commercial premises for rent and sale in partnership with construction companies.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Corporation has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment–Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRSs issued by the FSC but not yet effective

The Corporation assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) The impact of IFRSs issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Corporation, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Corporation is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent company only financial position and parent company only financial performance. The results thereof will be disclosed when the Corporation completes its evaluation.

The Corporation does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

The accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language parent company only financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the parent company only financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

The parent company only annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through other comprehensive income are measured at fair value;
2) Hedging financial instruments are measured at fair value;
3) The defined benefit liabilities are measured at fair value of plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Corporation is determined based on the primary economic environment in which the Corporation operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Corporation’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency transactions

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Corporation at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss, except for the difference relating to an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Taiwan dollars at the average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control of significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Corporation disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Corporation disposes of only part of its investment in an associate or joint venture that includes a foreign operation, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, or has other restrictions.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

The Corporation is engaged in renting and selling of subcontracted buildings for residential and commercial purposes, with an operating cycle of generally more than one year. The classification of current and non-current assets and liabilities related to the construction business is based on the operating cycle.

(e) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Time deposits that meet the above definition and are held for the purpose of meeting short-term commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Corporation becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value, plus transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost and fair value through other comprehensive income ("FVOCI") – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (“FVOCI”)–equity investment

On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Corporation’s right to receive payment is established.

3) Impairment of financial assets

The Corporation recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets, etc.).

The Corporation measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Corporation is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Corporation's historical experience and informed credit assessment as well as forward looking information.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 91 days past due.

The Corporation considers a financial asset to be in default when the financial asset is more than 181 days past due or the borrower is unlikely to pay its credit obligations to the Corporation in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 181 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Corporation individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Corporation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Corporation enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

4) Derecognition of financial liabilities

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Corporation also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Corporation currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Corporation holds derivative financial instruments to hedge its interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

(i) Manufacturing

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Construction

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition, and capitalization of interest.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses,

1) Construction in progress: Estimated market selling price, less the estimated costs of completion and selling expenses until construction is completed.
2) Building for sale: Estimated market selling price, less the estimated costs of building for sale and selling expenses.

(h) Investments in associates

Associates are those entities in which the Corporation has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent company only financial statements include the Corporation's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Corporation, from the date on which significant influence commences until the date on which significant influence ceases. When an associate has a change in equity that does not result from profit and loss or from other comprehensive income and loss and there are no effects on the Corporation's percentage of ownership of the associate, the Corporation records the change in equity of the associate attributed to the Corporation's share as capital surplus.

Unrealized gains and losses resulting from transactions between the Corporation and an associate are recognized only to the extent of unrelated party's interests in the associate.

When the Corporation's share of losses equals or exceeds its interest in an associate, the recognition of further losses is discontinued except to the extent that the Corporation has a legal or constructive obligation or has made payments on behalf of the associate.

(i) Investments in subsidiaries

For preparing the parent company only financial statements, investments in subsidiaries are accounted for using the equity method. Under the equity method, there is no difference between net income and comprehensive income in the Corporation's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent in the consolidated financial statements. The equity in the Corporation's parent company only financial statements and the equity attributable to stockholders of the parent in the Corporation's consolidated financial statements are also the same. Changes in the Corporation's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Corporation loses control over its subsidiaries, the Corporation derecognizes the investment by the book value on the date of loss of control and remeasures the rest of the investments at fair value on the same date.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

Property is reclassified to investment property at its carrying amount when the use of the property changes from private to investment use.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Corporation.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 10~55 years
2) Machinery: 3~30 years
3) Transportation and miscellaneous equipment: 3~10 years
4) Rental assets: 15~50 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(l) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) amounts expected to be payable under a residual value guarantee; and
4) payments for purchase or termination options that are reasonably certain to be exercised or penalty should be paid.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or
2) there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee; or
3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
4) there is a change of its assessment on whether it will exercise a extension or termination option; or
5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Corporation accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Corporation presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Corporation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Corporation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Corporation elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

When the Corporation acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Corporation makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Corporation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Corporation applies IFRS15 to allocate the consideration in the contract.

The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(m) Impairment – non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets (other than inventories, construction in progress and building for sale and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

For other assets, except for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expenses.

(i) Site restoration

In accordance with the lease contracts, the Corporation has an obligation to restore plants and offices. The provision is measured at the discounted value of the estimated recovery costs at the end of the lease, and is amortized throughout the lease term.

(ii) Allowance for sales discounts

The provision of allowance for sales discounts is estimated based on historical experience and the probability of giving the discounts, and is recognized when the sales are recognized.

(o) Revenue recognition

Revenue is measured based on the consideration to which the Corporation expects to be entitled in exchange for transferring goods or services to a customer. The Corporation recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Corporation's main types of revenue are explained below.

(i) Sale of goods

The Corporation manufactures paper products and sales them to customers. The Corporation recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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, the acceptance provisions have lapsed, or the Corporation has objective evidence that all criteria for acceptance have been satisfied.

(ii) Sale of buildings

The Corporation entrusts a construction company to build residential and commercial buildings for sale. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Corporation due to their contractual restrictions. Therefore, the related revenue is recognized at a point in time when the buildings and their legal title have been transferred to the customer.

(iii) Financing components

The Corporation does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Corporation does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income, and accumulated in retained earnings within equity. The Corporation determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Corporation recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Corporation is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Corporation has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Corporation discloses the Corporation's basic and diluted earnings per share attributable to ordinary shareholders of the Corporation. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Corporation divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Corporation divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(s) Operating segments

The Corporation has disclosed information of operating segments in the consolidated financial statements. For the details, please refer to the consolidated financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing the parent company only financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in accounting estimates during the period and the impact of the changes in accounting estimates in the next period.

There are no critical judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent company only financial statements. Except for whether there is substantial control over or significant influence of the investee company, please refer to the Corporation's consolidated financial statements for the year ended December 31, 2022.

Information about assumptions or estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Corporation estimates the amount due to inventories' obsolescence and unmarketable items at the reporting date and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(d) for the valuation of inventories.

(b) Valuation of inventories of the investments accounted for using equity method

For the details on the valuation of inventories, please refer to note 5(a).

The Corporation's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit and loss. The Corporation has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Corporation assessed the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If there is any movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3, the Corporation recognizes the movement at the reporting date.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 666	682
Demand deposits	1,462,313	1,491,577
Checking deposits	593,505	537,596
Time deposits	922	1,994
Commercial paper	155,955	138,642
	$ 2,213,361	**2,170,491**

(b) Financial assets and liabilities at FVTPL/FVOCI

	December 31, 2022	December 31, 2021
Financial assets (liabilities) at FVTPL		
Interest rate swaps	**$ 5,207**	**(2,402)**
Financial assets at FVOCI		
Stocks listed in domestic market	$ 469,332	546,332
Stocks unlisted in domestic market	97,458	111,714
	$ 566,790	**658,046**

(i) The Corporation designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Corporation intends to hold for long-term for strategic purposes and not for sale.

(ii) The Corporation sold 2,700 thousand of its shares in O-Bank Co., Ltd. with the fair value of $28,965 thousand, resulting in the gain of $2,966 thousand for the year ended December 31, 2022. Gain had been recognized as other equity interest, and later on, reclassified to retained earnings.

(iii) To hedge certain risks arising from its financial activities, the Corporation entered into contracts with banks for non-deliverable interest rate swaps. For related financial activities, please refer to note 6(j). The Corporation held the following derivative instruments that did not qualify for hedge accounting, presented as held-for-trading financial assets and liabilities:

December 31, 2022				
Notional principal (in thousands)		Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD	300,000	2027.01.18~2027.01.21	90-day CP	0.88%~0.91%

December 31, 2021				
Notional principal (in thousands)		Contract expiry date	Floating interest rate receivable	Interest rate payable
NTD	1,200,000	2022.02.21~2022.06.02	90-day CP	0.94%~1.15%

(iv) As of December 31, 2022 and 2021, the Corporation did not provide any of the aforementioned financial assets as collateral.

(c) Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable	$ 626,745	727,923
Accounts receivable	2,694,461	3,097,809
Accounts receivable–related parties	1,195,113	1,561,084
Less: Loss allowance	(51,453)	(53,713)
	$ 4,464,866	**5,333,103**

(i) The Corporation applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivable. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information. The ECL allowance provision analysis was as follows:

	December 31, 2022		
	Carrying amount of notes and accounts receivable	Lifetime weighted-average ECL rate	Loss allowance provision of lifetime ECL
Current	$ 4,130,988	0.28%	11,737
Overdue 1 to 30 days	366,517	7.52%	27,567
Overdue 31 to 90 days	5,947	15.55%	925
Overdue 91 to 180 days	3,903	57.91%	2,260
Overdue more than 181 days	8,964	100.00%	8,964
	$ 4,516,319		**51,453**

	December 31, 2021			
	Carrying amount of notes and accounts receivable		Lifetime weighted-average ECL rate	Loss allowance provision of lifetime ECL
Current	$	4,987,845	0.26%	13,142
Overdue 1 to 30 days		386,650	7.81%	30,211
Overdue 31 to 90 days		2,326	15.71%	365
Overdue 91 to 180 days		-	-	-
Overdue more than 181 days		9,995	100.00%	9,995
	$	**5,386,816**		**53,713**

(ii) The movement in the allowance for notes and accounts receivable were as follows:

	2022		2021
Balance on January 1	$	53,713	30,449
Impairment losses recognized (reversed)		(993)	23,264
Amounts written off		(1,267)	-
Balance on December 31	**$**	**51,453**	**53,713**

(iii) As of December 31, 2022 and 2021, the Corporation did not provide any notes and accounts receivable as collateral.

(d) Inventories

	December 31, 2022		December 31, 2021
Raw materials in transit	$	315,733	243,737
Raw materials		1,535,862	955,785
Semi-finished goods and work in process		1,545,954	1,779,081
Finished goods		495,032	443,459
	$	**3,892,581**	**3,422,062**

The Corporation did not provide any of the aforementioned inventories as collateral. The details of inventory costs recognized as cost of sales were as follows:

	2022		2021
Inventory costs due to sales	$	25,518,298	24,775,453
Losses on inventory valuation		24,643	5,517
Losses on disposal of inventories		27,598	-
Unallocated manufacturing overhead due to the actual production being lower than the normal capacity		934,768	554,969
Gain on disposal of scrap and waste inventories and physical inventories		(15,403)	(34,511)
Operating costs related to inventories	**$**	**26,489,904**	**25,301,428**

(e) Construction in progress and building for sale

The Corporation entered into agreements with a construction company to build residential and commercial premises for rent and sale. The details of construction in progress and building for sale were as follows:

	Construction in progress and building for sale		Advance received on real estate contracts	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cheng Loong Tien Dee – building for sale	$ 27,245	27,245	-	-
Beitou Lee Tse – building for sale	49,304	49,304	-	-
Roosevelt Road – building for sale	212,513	380,941	37,521	175,480
Raohe Street – building for sale	35,647	35,647	-	-
Hang Jhou South Road – construction in progress	2,556,173	2,102,945	807,944	599,889
Sanchong – construction in progress	19,251	18,647	-	-
Nanchang Road – construction in progress	107,819	95,747	-	-
Chengde Road – construction in progress	-	280	-	-
	$ 3,007,952	**2,710,756**	**845,465**	**775,369**

The capitalized interest and interest rate for construction in progress were as follows:

	2022	2021
Capitalized interest	**$ 22,679**	**15,091**
Capitalized interest rate	**1.13%~1.69%**	**1.02%~1.06%**

(f) Investments accounted for using equity method

Investments in associates companies accounted for using the equity method were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 12,571,057	11,780,538
Associates	1,527,721	1,381,201
	14,098,778	13,161,739
Less: allowance for impairment losses	(16,025)	(16,025)
	$ 14,082,753	**13,145,714**

(i) Subsidiaries

1) Due to the Group's operational consideration, the Corporation increased the capital of Omis International Holdings Ltd. by $272,720 thousand for the year ended December 31, 2021 for Omis International Holdings Ltd. to acquire the shares of Chung Loong Paper Holdings Limited. The amendment of registration for the capital increase has been completed.

2) In order to expand Vietnam markets and plants, the Corporation increased the capital of Cheng Loong Southeast Asia Holding Co., Ltd., to invest Cheng Long Vietnam Investment Co., Ltd. and Cheng Loong Vietnam Paper Investment Co.,

Ltd. by $2,482,355 thousand and $1,397,040 thousand for the years ended December 31, 2022 and 2021, respectively. The amendment of registration for the capital increase has been completed.

3) Based on a resolution approved by the Board of Directors in June and October 2022, Omis International Holdings Ltd., a subsidiary of the Corporation, reduced the capital by $2,074,010 thousand. The amendment of registration for the capital reduction has been completed.

4) For the details of subsidiaries, please refer to the Corporation's consolidated financial statements for the year ended December 31, 2022.

(ii) Associates

1) Associates that were material to the Corporation were as follows:

The name of the associate	Principal activity	Main operating location / Registered country of the Company	Percentage of shareholding and voting rights	
			December 31, 2022	December 31, 2021
Ta-Yuan Cogeneration Co., Ltd. (Ta-Yuan Cogeneration)	Engaged in the management of cogeneration	Taiwan	41.06%	41.06%
Tzeng Long USA Inc. (Tzeng Long USA)	Paper trading	U.S.A.	34.03%	34.03%

2) The fair value of the listed (TPEx) associate that was material to the Corporation was as follows:

	December 31, 2022	December 31, 2021
Ta-Yuan Co-generation	**$ 2,088,369**	**1,596,398**

3) Summarized financial information for each associate that was material to the Corporation is as follows. The financial information of the associates prepared in accordance with the IFRSs endorsed by the FSC reflects the adjustments of fair value and differences in accounting policies.

a) Ta-Yuan Cogeneration:

	December 31, 2022	December 31, 2021
Current assets	$ 1,108,306	1,148,317
Non-current assets	3,346,935	3,267,568
Current liabilities	(774,010)	(388,410)
Non-current liabilities	(1,504,106)	(1,983,531)
Net assets	**$ 2,177,125**	**2,043,944**
Net assets attributable to owners of parent	**$ 2,177,125**	**2,043,944**

	2022	2021
Operating revenues	**$ 2,861,008**	**1,997,736**
Profit	$ 368,069	170,371
Other comprehensive income (loss)	(51,506)	54,968
Comprehensive income	**$ 316,563**	**225,339**
Comprehensive income attributable to owners of parent	**$ 316,563**	**225,339**

	2022	2021
Beginning balance of the Corporation's share of net assets	$ 839,243	817,001
Corporation's share of other comprehensive income	129,987	92,524
Dividends received from the associate	(75,302)	(70,282)
Ending balance of the Corporation's share of net assets	893,928	839,243
Elimination of deferred unrealized gain on downstream sales of land	(89,345)	(89,345)
Investment in associate on December 31	**$ 804,583**	**749,898**

b) Tzeng Long USA:

	December 31, 2022	December 31, 2021
Current assets	$ 1,389,975	1,187,198
Non-current assets	235,594	169,766
Current liabilities	(119,729)	(203,547)
Non-current liabilities	(22,272)	(12,499)
Net assets	**$ 1,483,568**	**1,140,918**
Net assets attributable to owners of parent	**$ 1,483,568**	**1,140,918**

	2022	2021
Operating revenue	**$ 2,576,875**	**2,330,229**
Profit	$ 166,617	209,546
Other comprehensive income (loss)	176,033	(38,777)
Comprehensive income	**$ 342,650**	**170,769**
Comprehensive income attributable to owners of parent	**$ 342,650**	**170,769**

	2022	2021
Beginning balance of the Corporation's share of net assets	$ 388,255	330,142
Corporation's share of other comprehensive income	116,603	58,113
Ending balance of the Corporation's share of net assets	**$ 504,858**	**388,255**
Investment in associate on December 31	**$ 504,858**	**388,255**

c) Summarized financial information about individually immaterial associates:

Summarized financial information in aggregate for all individually immaterial associates of the Corporation accounted for using the equity method is as follows. The amounts are included in the investment accounted for using the equity method in the Corporation's parent company only financial statements.

	December 31, 2022	December 31, 2021
Carrying amount in aggregate for all individually immaterial associates	**$ 202,255**	**227,023**

The aggregate amount of the Corporation's share of those associates:

	2022	2021
Profit	$ 11,567	10,656
Other comprehensive income (loss)	(36,335)	11,535
Comprehensive income	**$ (24,768)**	**22,191**

(iii) As of December 31, 2022 and 2021, the aforementioned investments were not provided as collateral.

(iv) Tzeng Long USA is an associate of the Corporation in the United States of America with financial statements having September 30 as the year-end date; the same date is used by the Corporation to apply the equity method to this associate.

(g) Property, plant and equipment

Movements of the cost, accumulated depreciation, and impairment of property, plant and equipment of the Corporation were as follows:

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Rental assets	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance on January 1, 2022	$ 6,468,009	7,906,266	34,179,386	2,542,662	468,099	2,955,417	54,519,839
Additions	42,088	3,993	9,260	53,639	-	2,680,969	2,789,949
Disposals	-	(31,473)	(824,728)	(40,803)	-	-	(897,004)
Reclassification	60,561	80,970	1,016,818	143,095	-	(1,289,688)	11,756
Reclassification from investment property	3,239	84,316	-	-	-	-	87,555
Reclassification to investment property	(518)	(12,943)	-	-	-	-	(13,461)
Balance on December 31, 2022	**$ 6,573,379**	**8,031,129**	**34,380,736**	**2,698,593**	**468,099**	**4,346,698**	**56,498,634**
Balance on January 1, 2021	$ 5,213,260	6,872,332	32,651,572	2,484,283	468,099	2,974,019	50,663,565
Additions	1,130,084	78,449	9,407	90,308	-	2,756,406	4,064,654
Disposals	-	-	(163,989)	(142,034)	-	-	(306,023)
Reclassification	124,665	955,485	1,682,396	110,105	-	(2,775,008)	97,643
Balance on December 31, 2021	**$ 6,468,009**	**7,906,266**	**34,179,386**	**2,542,662**	**468,099**	**2,955,417**	**54,519,839**

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Rental assets	Construction in progress and testing equipment	Total
Accumulated depreciation and impairment:							
Balance on January 1, 2022	$ -	4,532,679	24,601,589	2,149,236	185,567	-	31,469,071
Depreciation	-	239,098	1,206,517	137,265	9,807	-	1,592,687
Disposals	-	(31,473)	(815,762)	(31,739)	-	-	(878,974)
Reclassification from investment property	-	33,349	-	-	-	-	33,349
Reclassification to investment property	-	(5,346)	-	-	-	-	(5,346)
Balance on December 31, 2022	**$ -**	**4,768,307**	**24,992,344**	**2,254,762**	**195,374**	**-**	**32,210,787**
Balance on January 1, 2021	$ -	4,339,322	23,653,507	2,151,856	175,477	-	30,320,162
Depreciation	-	200,287	1,073,307	135,616	10,090	-	1,419,300
Impairment loss	-	-	33,110	-	-	-	33,110
Disposals	-	-	(158,206)	(138,206)	-	-	(296,412)
Reclassification	-	(6,930)	(129)	(30)	-	-	(7,089)
Balance on December 31, 2021	**$ -**	**4,532,679**	**24,601,589**	**2,149,236**	**185,567**	**-**	**31,469,071**
Carrying amount:							
Balance on December 31, 2022	**$ 6,573,379**	**3,262,822**	**9,388,392**	**443,831**	**272,725**	**4,346,698**	**24,287,847**
Balance on December 31, 2021	**$ 6,468,009**	**3,373,587**	**9,577,797**	**393,426**	**282,532**	**2,955,417**	**23,050,768**
Balance on January 1, 2021	**$ 5,213,260**	**2,533,010**	**8,998,065**	**332,427**	**292,622**	**2,974,019**	**20,343,403**

(i) Because the Corporation adjusts its production lines to improve product competitiveness, some of the machines are idle. Based on the Corporation's assessments, the Corporation has evaluated theirs impairment amounting to $33,110 thousand for the year ended December 31, 2021.

(ii) As of December 31, 2022 and 2021, property, plant and equipment of the Corporation were pledged as collateral; please refer to note 8.

(iii) As of December 31, 2022 and 2021, the book values of agricultural land bought by the Corporation for operational use amounted to $1,122,286 thousand and $1,084,068 thousand, respectively. The ownership titles to the land cannot be transferred to the Corporation. The land has been registered under the name of a trustee, and the Corporation has signed a contract with the trustee which states the rights and obligations of both parties.

(iv) Property, plant and equipment under construction

As of December 31, 2022 and 2021, the construction in progress amounted to $4,187,981 thousand and $2,831,489 thousand, respectively, including the capitalized borrowing costs.

The capitalized interest and interest rate due to construction in progress were as follows:

	2022	2021
Capitalized interest	**$ 42,054**	**26,205**
Capitalized interest rate	**1.13%~1.69%**	**1.02%~1.06%**

(h) Right-of-use assets

The Corporation leases many assets including land, buildings, machinery and transportation equipment. Movements of the cost and accumulated depreciation of right-of-use assets were as follows:

	Land	Buildings	Machinery	Transportation and miscellaneous equipment	Total
Cost:					
Balance on January 1, 2022	$ 1,092,027	148,023	895	861	1,241,806
Additions	4,522	159,525	-	-	164,047
Lease modification	(63,303)	-	-	-	(63,303)
Balance on December 31, 2022	**$ 1,033,246**	**307,548**	**895**	**861**	**1,342,550**
Balance on January 1, 2021	$ 992,277	93,469	6,535	861	1,093,142
Additions	3,113	57,886	-	-	60,999
Lease modification	(2,112)	2	-	-	(2,110)
Disposal	(1,126)	(3,334)	(5,640)	-	(10,100)
Reclassification from investment property	99,875	-	-	-	99,875
Balance on December 31, 2021	**$ 1,092,027**	**148,023**	**895**	**861**	**1,241,806**
Accumulated depreciation:					
Balance on January 1, 2022	$ 119,251	64,202	895	585	184,933
Depreciation	40,376	31,554	-	195	72,125
Balance on December 31, 2022	**$ 159,627**	**95,756**	**895**	**780**	**257,058**
Balance on January 1, 2021	$ 66,053	39,799	2,305	390	108,547
Depreciation	36,461	25,832	671	195	63,159
Disposal	(313)	(1,429)	(2,081)	-	(3,823)
Reclassification from investment property	17,050	-	-	-	17,050
Balance on December 31, 2021	**$ 119,251**	**64,202**	**895**	**585**	**184,933**
Carrying amount:					
Balance on December 31, 2022	**$ 873,619**	**211,792**	**-**	**81**	**1,085,492**
Balance on December 31, 2021	**$ 972,776**	**83,821**	**-**	**276**	**1,056,873**
Balance on January 1, 2021	**$ 926,224**	**53,670**	**4,230**	**471**	**984,595**

As of December 31, 2022 and 2021, right-of-use assets of the Corporation were pledged as collateral; please refer to note 8.

(i) Investment property

Movements of the cost, accumulated depreciation, and impairment of investment property of the Corporation were as follows:

	Land	Buildings	Right-of-use assets-land	Total
Cost:				
Balance on January 1, 2022	$ 68,349	1,533,649	-	1,601,998
Reclassification from property, plant and equipment	518	12,943	-	13,461
Reclassification to property, plant and equipment	(3,239)	(84,316)	-	(87,555)
Disposal	(209)	(1,586)	-	(1,795)
Balance on December 31, 2022	**$ 65,419**	**1,460,690**	**-**	**1,526,109**
Balance on January 1, 2021	$ 67,326	1,512,720	99,875	1,679,921
Reclassification from building for sale and property, plant and equipment	1,023	20,929	-	21,952
Reclassification to right-of-use assets	-	-	(99,875)	(99,875)
Balance on December 31, 2021	**$ 68,349**	**1,533,649**	**-**	**1,601,998**
Accumulated depreciation and impairment:				
Balance on January 1, 2022	$ -	598,611	-	598,611
Depreciation	-	26,918	-	26,918
Reclassification from property, plant and equipment	-	5,346	-	5,346
Reclassification to property, plant and equipment	-	(33,349)	-	(33,349)
Disposal	-	(96)	-	(96)
Balance on December 31, 2022	**$ -**	**597,430**	**-**	**597,430**
Balance on January 1, 2021	$ -	563,767	12,815	576,582
Depreciation	-	27,915	4,235	32,150
Reclassification from property, plant and equipment	-	6,929	-	6,929
Reclassification to right-of-use assets	-	-	(17,050)	(17,050)
Balance on December 31, 2021	**$ -**	**598,611**	**-**	**598,611**
Carrying amount:				
Balance on December 31, 2022	**$ 65,419**	**863,260**	**-**	**928,679**
Balance on December 31, 2021	**$ 68,349**	**935,038**	**-**	**1,003,387**
Balance on January 1, 2021	**$ 67,326**	**948,953**	**87,060**	**1,103,339**
Fair value:				
Balance on December 31, 2022				**$4,783,549**
Balance on December 31, 2021				**$4,633,954**

(i) The Corporation early terminated its lease contract of sub-leasing the leased land of Port of Taichung to a related party in August 2021 and reclassified its right-of-use assets of land and related accumulated depreciation from investment properties to right-of-use assets. Please refer to note 6(h).

(ii) Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~5 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Please refer to note 6(l).

(iii) The Corporation has sublet the No. 15 public parking lot in Banqiao Dist., New Taipei City, and part of its factory in Yilan, but has decided not to treat this property as investment property because the primary purpose of the Corporation is not to have long-term capital appreciation or to earn rental. Accordingly, the property is still treated as rental assets of property, plant and equipment.

(iv) As there is no readily comparable information regarding the fair value of the aforementioned investment property, management determined its fair value according to the latest prices within the vicinity or the discounted value of the estimated future cash flows. The inputs used to evaluate the fair value belonged to Level 3.

(v) As of December 31, 2022 and 2021, investment property of the Corporation was pledged as collateral; please refer to note 8.

(j) Long-term and short-term borrowings

The details, terms and conditions were as follows:

	Currency	Interest rate	Maturity year	December 31, 2022	December 31, 2021
Secured bank loans	NTD	1.38%	2025	$ 1,125,300	1,130,000
Unsecured bank loans	NTD	1.45%~1.89%	2023~2027	16,396,678	3,667,734
Letters of credit	USD	5.50%~5.66%	2023	6,096	24,248
Letters of credit	EUR	3.03%~3.59%	2023	5,164	1,538
Letters of credit	JPY	0.70%	2023	89	34,511
Letters of credit	SEK	-	-	-	359
Commercial paper payable	NTD	-	-	-	10,873,367
Total				**$ 17,533,327**	**15,731,757**
Current–short-term borrowings				$ 11,349	1,827,276
Current–current portion of long-term borrowings				712,800	148,700
Non-current–long-term borrowings				16,809,178	13,755,781
Total				**$ 17,533,327**	**15,731,757**

(i) The total line of credit for the Corporation’s syndicated loan with 13 banks, including Hua Nan Commercial Bank, was $7,200,000 thousand (comprising $4,320,000 thousand of revolving long-term Commercial paper payable). The contract period is from October 23, 2018 to October 22, 2023, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability. The syndicated loan was repaid in advance in the fourth quarter of 2022; hence, the line of credit had been revoked.

(ii) The total line of credit for the Corporation’s syndicated loan with 9 banks, including Credit Agricole Corporate and Investment Bank was $2,600,000 thousand (comprising $500,000 thousand of revolving long-term commercial paper payable and $2,100,000 thousand of non-revolving short-term commercial paper payable). The contract period is from December 10, 2019 to December 9, 2022, a total of three years. Since the line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. However, since the residual commercial paper payable is not revolving in nature for one year and requires repayment in the short term, it is recorded as a short-term liability.

(iii) The total line of credit for the Corporation’s syndicated loan with 10 banks, including First Commercial Bank, was $4,800,000 thousand (comprising $3,840,000 thousand of revolving long-term commercial paper payable). The contract period is from April 27, 2020 to April 26, 2025, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability.

(iv) The loan with Mega International Commercial Bank based on “Loans for Returning Overseas Taiwanese Businesses” amounted to $1,400,000 thousand, with the contract period beginning from March 30, 2020 to December 15, 2025. The line of credit is not revolving in nature; hence, the loan will be repaid on the 15th of every month after two years.

(v) The total line of credit for the Corporation’s syndicated loan with 12 banks, including Hua Nan Commercial Bank, was $8,000,000 thousand (comprising $6,800,000 thousand of revolving long-term commercial paper payable). The contract period is from December 22, 2020 to December 21, 2025, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability.

(vi) The total line of credit for the Corporation’ s syndicated loan with 11 banks, including First Commercial Bank, was $9,000,000 thousand (comprising $7,200,000 thousand of revolving long-term commercial paper payable). The contract period is from October

24, 2022 to October 23, 2027, a total of five years. Since this line of credit is revolving in nature and does not require repayment in the short term, it is recorded as a long-term liability. Since the commercial paper is revolving in nature, it is recorded as a long-term liability.

(vii) The total line of credit for the Corporation's syndicated loan with 4 banks, including Hua Nan Commercial Bank, was $3,600,000 thousand (comprising $2,880,000 thousand of revolving long-term commercial paper payable). The contract period is from December 27, 2022 to December 26, 2027, a total of five years. As of December 31, 2022, the Corporation had no initial drawdown.

(viii) To obtain the above loans, except for the loan with Mega International Commercial Bank based on "Loans for Returning Overseas Taiwanese Businesses", the Corporation promised to comply with the covenants within the contract periods and to maintain the following financial ratios: On each December 31 during the contract period, the current ratio (current assets/current liabilities) cannot be less than 100%; the stockholders' equity ratio (stockholders' equity/total assets) cannot be less than 40%; the times interest earned ((income before taxes + interest expense + depreciation expenses + amortization expenses)/interest expenses) cannot be less than 2.25 times.

(ix) As of December 31, 2022, the Corporation had not violated the covenants of the loans above.

(x) For the details on the collateral provided for bank loans, please refer to note 8.

(k) Lease liabilities

Lease liabilities of the Corporation were as follows:

	December 31, 2022	December 31, 2021
Current	$ 79,746	53,227
Non-current	$ 757,082	739,667

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 12,918	13,452
Expenses relating to short-term leases and lease of low-value assets	$ 13,241	9,933
COVID-19-related rent concessions (recognized as deduction of rent expenses)	$ 49	143

The amounts recognized in the statement of cash flows for the Corporation were as follows:

	2022	2021
Rental paid in operating activities	$ 13,241	9,933
Interest on lease liabilities paid in operating activities	12,918	13,452
Payment made on lease liabilities in financing activities	56,761	55,500
Total cash outflow for leases	**$ 82,920**	**78,885**

(l) Operating leases

The Corporation leases out its investment property. The Corporation has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 132,853	93,552
One to two years	92,590	63,823
Two to three years	70,210	45,826
Three to four years	49,778	33,305
Four to five years	12,217	12,482
More than five years	52,429	1,627
	$ 410,077	**250,615**

For the years ended December 31, 2022 and 2021, the rental revenue with respect to property leases amounted to $125,852 thousand and $119,148 thousand, respectively, and was recorded as operating revenues.

(m) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of plan assets of the Corporation were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ (2,965,647)	(3,409,267)
Fair value of plan assets	2,907,206	2,702,900
Net defined benefit liability	**$ (58,441)**	**(706,367)**

The Corporation makes defined benefit plan contributions to the pension fund account at Bank of Taiwan, which provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a lump-sum payment based on years of service and average salary of the six months prior to retirement.

1) Composition of plan assets

The Corporation allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Corporation's labor pension reserve account balance at Bank of Taiwan amounted to $2,907,735 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of defined benefit obligations

The movements in the present value of defined benefit obligations for the Corporation were as follows:

	2022	2021
Defined benefit obligations on January 1	$ (3,409,267)	(3,358,527)
Benefits paid by the plan	206,103	205,218
Remeasurement of net defined benefit liability (assets) – actuarial gains (losses) arising from changes in financial assumptions	293,273	(196,421)
Current service cost and interest expense	(55,756)	(59,537)
Defined benefit obligations on December 31	**$ (2,965,647)**	**(3,409,267)**

3) Movements in the fair value of plan assets

The movements in the fair value of defined benefit plan assets for the Corporation were as follows:

	2022	2021
Fair value of plan assets on January 1	$ 2,702,900	2,205,290
Expected return on plan assets	16,497	13,789
Remeasurement of net defined benefit liability (assets) – return on plan assets (excluding interest expense)	192,498	22,065
Contribution made	168,555	623,733
Benefits paid by the plan	(173,244)	(161,977)
Fair value of plan assets on December 31	**$ 2,907,206**	**2,702,900**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Corporation were as follows:

	2022	2021
Service cost	$ 35,363	39,357
Net interest on net defined benefit liability	3,896	6,391
	$ 39,259	**45,748**
Operating costs	$ 25,075	29,573
Selling expenses	3,826	4,350
Administrative expenses	9,425	10,729
Research and development expenses	933	1,096
	$ 39,259	**45,748**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Corporation's remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

	2022	2021
Cumulative amount on January 1	$ 1,040,865	866,509
Recognized (reversal) during the period	(485,771)	174,356
Cumulative amount on December 31	**$ 555,094**	**1,040,865**

6) Actuarial assumptions

The following are the Corporation's principal actuarial assumptions:

	2022	2021
Discount rate	1.75%	0.63%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Corporation to the defined benefit plans for the one-year period after the reporting date was $26,400 thousand.

The weighted-average duration of the defined benefit plans is 10.46 years.

7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Corporation uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations as of December 31, 2022 and 2021, would have been as follows:

	Impact on the defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(60,338)	62,256
Future salary increase rate	61,198	(59,576)
December 31, 2021		
Discount rate	(76,674)	79,383
Future salary increase rate	77,252	(75,001)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. Many assumption changes may affect each other in practice. The method used in the sensitivity analysis is consistent with the calculation of the net defined benefit liability in the balance sheet.

There were no changes in the method and assumptions used in the preparation of the sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Corporation contributes 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Corporation contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Corporation recognized pension costs under the defined contribution method amounting to $105,368 thousand and $99,290 thousand for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(n) Income tax

(i) Components of income tax expenses were as follows:

	2022	2021
Current tax expenses	$ 409,083	603,661
Deferred tax expenses (benefits)	(195,715)	200,491
Income tax expenses	**$ 213,368**	**804,152**

(ii) The Corporation had no income tax expenses recognized directly in equity.

(iii) Tax expenses (benefits) under other comprehensive income or loss were as follows:

	2022	2021
Items that may not be reclassified subsequently to profit or loss:		
Losses on remeasurements of defined benefit plans	**$ -**	**(34,871)**
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	**$ 77,073**	**(40,061)**

(iv) Reconciliation of income tax expenses and profit before income tax was as follows:

	2022	2021
Profit before income tax	$ 2,733,466	4,767,574
Income tax using the Corporation's domestic tax rate	546,693	953,515
Additional tax on undistributed earnings	45,326	-
Gains on sale of land exempt from income tax	(10,794)	(17,955)
Prior year's income tax adjustment	(36,250)	(14,405)
Shares of profit accounted for using equity method	(236,666)	(61,723)
Changes in unrecognized temporary differences	3,333	552
Land value incremental tax	1,314	10,005
Investment tax credits accrued	(109,005)	(50,000)
Others	9,417	(15,837)
	$ 213,368	**804,152**

(v) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized with respect to the following items:

	December 31, 2022	December 31, 2021
Deductible temporary differences	**$ (16,496)**	**(13,163)**

Deferred tax assets were not recognized because it is not probable that future taxable income of the Corporation will be available to utilize the benefits.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	Unallocated pension expenses	Provision for impairment loss on property	Unrealized accrued expenses	Idle capacity for inventories at end of period transferred to cost of sales	Exchange differences on transaltion of foreign financial statements	Others	Total
Balance on January 1, 2022	$ -	(34,907)	(12,415)	(17,491)	(492,235)	(72,363)	(629,411)
Recognized in profit or loss	-	6,501	4,734	(13,908)	-	1,358	(1,315)
Recognized in other comprehensive income	-	-	-	-	77,073	-	77,073
Balance on December 31, 2022	**$ -**	**(28,406)**	**(7,681)**	**(31,399)**	**(415,162)**	**(71,005)**	**(553,653)**
Balance on January 1, 2021	$ (30,314)	(33,936)	(27,451)	(19,655)	(452,174)	(101,290)	(664,820)
Recognized in profit or loss	65,185	(971)	15,036	2,164	-	28,927	110,341
Recognized in other comprehensive income	(34,871)	-	-	-	(40,061)	-	(74,932)
Balance on December 31, 2021	**$ -**	**(34,907)**	**(12,415)**	**(17,491)**	**(492,235)**	**(72,363)**	**(629,411)**

Deferred tax liabilities:

	Overseas investment income recognized under the equity method	Land value increment tax	Temporary differences from depreciation of machinery	Others	Total
Balance on January 1, 2022	$ 177,494	195,480	963,341	-	1,336,315
Recognized in profit or loss	(177,494)	-	(16,906)	-	(194,400)
Balance on December 31, 2022	**$ -**	**195,480**	**946,435**	**-**	**1,141,915**
Balance on January 1, 2021	$ 157,209	195,480	891,016	2,460	1,246,165
Recognized in profit or loss	20,285	-	72,325	(2,460)	90,150
Balance on December 31, 2021	**$ 177,494**	**195,480**	**963,341**	**-**	**1,336,315**

(vi) The tax returns of the Corporation have been examined by the R.O.C income tax authorities through the years to 2020.

(o) Capital and other equity

(i) Capital

As of December 31, 2022 and 2021, the Corporation’s authorized common stock, and issued and outstanding common stock amounted to $15,000,000 thousand and $11,082,745 thousand, respectively, for both years, with a par value of $10 (dollars) per share.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 675,632	675,632
Treasury share transactions	39,381	39,381
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	439,684	439,684
Others	2,835	2,835
	$ 1,157,532	**1,157,532**

According to the R.O.C. Company Act, capital surplus can only be used to offset an accumulated deficit, and then the realized capital surplus can be distributed as stock dividends or cash dividends according to the stockholders' original percentage of ownership. The aforementioned realized capital surplus includes capital surplus resulting from premium upon the issuance of capital stock and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the increase in capital by transferring the paid-in capital in excess of the par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the articles of the Corporation, when allocating the earnings for each year, the Corporation shall first pay income taxes, and offset its prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve has equaled the total capital of the Corporation; then set aside a special reserve in accordance with the relevant laws when necessary. The balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals and the resolution at the stockholders' meeting. In accordance with Article 240, Paragraph 5 of the Company Act, the abovementioned distribution plan, by the way of cash dividends, should be approved by the Corporation's Board of Directors and reported to the shareholders'meeting, and need not be submitted to the shareholders'meeting for recognition.

The dividend policy of the Corporation is as follows:

Phase 1: Keep a portion of accumulated earnings on hand for operational needs.

Phase 2: Distribute stock dividends based on future capital expenditure and long-term financial planning.

Phase 3: After the above appropriations, distribute cash dividends of at least 50% of the remaining accumulated earnings.

Phase 4: If the cash dividends per share are less than NT$0.1 (dollars), they shall be deferred to next year or thereafter.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a stockholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash to shareholders, and only the portion of the legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the FSC, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the current-period total net reduction of other stockholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

On March 15, 2022, cash dividends in the distribution plan for 2021 had been approved by the Board of Directors, and other items of earnings distribution had been approved by the shareholder's meeting on June 10, 2022. On July 30, 2021, the appropriation of earnings for 2020 had been approved by the shareholder's meeting. The information on dividends appropriated from the distributable retained earnings was as follows:

	2021	2020
Stockholders' dividends – cash, $1.9 (dollars) and $1.8 (dollars) per share, respectively	$ **2,105,722**	**1,994,894**

Information about the distribution of dividends can be accessed at the Market Observation Post System website.

(p) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary stockholders of the Corporation and the weighted-average number of common shares outstanding was as follows:

	2022	2021
Profit of the Corporation for the year	$ **2,520,098**	**3,963,422**
Weighted-average number of common shares (Basic / thousand shares)	**1,108,275**	**1,108,275**
Basic earnings per share (dollars)	**$2.27**	**3.58**

(ii) Diluted earnings per share

The calculation of diluted earnings per share based on the profit attributable to ordinary stockholders of the Corporation and the weighted-average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares was as follows:

	2022	2021
Profit of the Corporation for the year	$ **2,520,098**	**3,963,422**
Weighted-average number of common shares (Diluted / thousand shares)	**1,112,218**	**1,111,524**
Diluted earnings per share (dollars)	$ **2.27**	**3.57**

Weighted-average number of common shares (Diluted / thousand shares)

	2022	2021
Weighted-average number of common shares (basic)	1,108,275	1,108,275
Effect of employee stock remuneration	3,943	3,249
Weighted-average number of common shares (diluted)	**1,112,218**	**1,111,524**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Major products / services lines		
Sale of goods	$ 32,250,568	33,192,976
Sales of building	230,860	944,393
Rental revenue	125,852	119,148
Cogeneration revenue	24,283	37,722
	$ **32,631,563**	**34,294,239**

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 4,516,319	5,386,816	4,723,711
Less: Loss allowance	(51,453)	(53,713)	(30,449)
	$ **4,464,866**	**5,333,103**	**4,693,262**
Contract liabilities–advance receive on real estate	$ **845,465**	**775,369**	**1,186,478**

1) For details on notes, accounts receivable and loss allowance, please refer to note 6(c).
2) The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $126,313 thousand and $783,158 thousand, respectively.
3) The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Employee remuneration

Based on the Corporation' s articles, if the Corporation incurred earnings for the year, the earnings shall first be used to offset against any deficits; the remainder, if any, a minimum of 1% of the annual profit before tax (excluding employee remuneration) shall be appropriated as employee remuneration.

For the years ended December 31, 2022 and 2021, the Corporation estimated its employee remuneration both amounting to $90,000 thousand. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding employee remuneration, multiplied by the percentage of remuneration to employees, as specified in the Corporation's articles. The remuneration is expensed under operating costs or operating expenses during 2022 and 2021. Information about employee remuneration can be accessed in the Market Observation Post System website. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized in 2023. The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2021.

(s) Non-operating income and expenses

(i) Other income

The Corporation's other income was as follows:

	2022	2021
Interest income	$ 13,903	13,160
Dividend income	35,228	30,423
Rental revenue	24,667	42,098
Revenue from waste disposal	133,840	97,566
Compensation revenue from river remediation by the government	29,597	-
	$ 237,235	**183,247**

(ii) Other gains and losses, net

The Corporation's other gains and losses were as follows:

	2022	2021
Gain on disposal of property, plant and equipment	$ 31,669	2,328
Gain on disposal of investment property	703	-
Net gains on financial assets and liabilities at fair value through profit or loss	7,609	6,570
Net gain (loss) on foreign exchanges	264,697	(19,325)
Impairment loss on property, plant, and equipment	-	(33,110)
Others	17,469	12,279
	$ 322,147	**(31,258)**

(iii) Finance costs

The Corporation's finance costs, excluding capitalized interest, were as follows:

	2022	2021
Interest expense	$ 206,302	133,131
Interest on lease liabilities	12,918	13,452
Total finance costs	**$ 219,220**	**146,583**

For details of capitalized interest, please refer to notes 6(e) and (g).

(t) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from cash and cash equivalents, as well as notes and accounts receivable defaults from counterparties involved in the transactions.

1) Cash and cash equivalents

Cash are deposited in different financial institutions, all of whom were banks with good credit, which shall not lead to significant credit risk.

2) Notes and accounts receivable

The Corporation trades with a wide range of customers from different geographic regions. The Corporation does not consider the credit risk of its accounts receivable to be concentrated since there are no significant transactions with individual customers. To reduce credit risk, the Corporation continuously assesses the financial condition of its customers and will require collateral if necessary.

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	$17,533,327	18,306,247	941,632	17,364,615	-
Notes and accounts payable (including related parties)	4,966,174	4,966,174	4,966,174	-	-
Other payables	1,926,257	1,926,257	1,926,257	-	-
Guarantee deposits	537,602	537,602	-	-	537,602
Lease liabilities	836,828	992,272	90,971	290,906	610,395
	$25,800,188	**26,728,552**	**7,925,034**	**17,655,521**	**1,147,997**

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2021					
Non-derivative financial liabilities:					
Long-term and short-term borrowings	$15,731,757	15,875,891	1,994,080	13,881,811	-
Notes and accounts payable (including related parties)	4,902,704	4,902,704	4,902,704	-	-
Other payables	2,189,901	2,189,901	2,189,901	-	-
Guarantee deposits	482,017	482,017	-	-	482,017
Lease liabilities	792,894	1,020,161	66,103	197,688	756,370
Derivative financial liabilities:					
Interest rate swaps	2,402	2,402	2,402	-	-
	$24,101,675	**24,473,076**	**9,155,190**	**14,079,499**	**1,238,387**

The Corporation does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Corporation's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 62,814	30.6650	1,926,190	78,563	27.6300	2,170,691
EUR	3,942	32.5180	128,202	404	31.1170	12,574
Non-monetary items						
USD	15,924	31.7050	504,858	13,966	27.8000	388,255
VND	610,891,328	0.0011	647,545	505,905,976	0.0010	505,906
Financial liabilities						
Monetary item						
USD	36,294	30.7650	1,116,572	10,598	27.7300	293,885
JPY	633,792	0.2344	148,561	431,735	0.2423	104,609

2) Sensitivity analysis

The Corporation's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables. If the exchange rate of the foreign currencies against the NTD mentioned above had depreciated or appreciated 1%, with other factors remaining constant, on the reporting date, profit before income tax would have decreased or increased by $7,893 thousand and $17,848 thousand for the years ended December 31, 2022 and 2021, respectively. Analysis of the two periods is based on the same standard.

The functional currency of the Corporation is NTD. The carrying amount of currencies exchange gain or loss is foreign currencies exchange gain or loss of monetary assets and liabilities. For details, please refer to note 6(s).

(iv) Interest rate risk

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Fixed-rate instruments:		
Financial assets	**$ 922**	**1,994**
Variable-rate instruments:		
Financial assets	$ 1,618,268	1,630,219
Financial liabilities	(17,533,327)	(15,731,757)
	$ (15,915,059)	**(14,101,538)**

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments at the reporting date. If the interest rate had increased or decreased by 25 basis points, the profit before income tax would have decreased or increased by $39,788 thousand and $35,254 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This mainly resulted from borrowings with variable interest rates.

In addition, the Corporation's financial assets comprising fixed-rate instruments are measured at amortized cost. Since a change in market interest rate on the reporting date would have no impact on profit and loss, disclosure of the sensitivity analysis for changes in fair value is not necessary.

(v) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

	2022	2021
Price of securities at the reporting date	Other comprehensive income before tax	Other comprehensive income before tax
Increasing 10%	**$ 56,679**	**65,805**
Decreasing 10%	**$ (56,679)**	**(65,805)**

(vi) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Corporation's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Interest rate swaps	**$ 5,207**	**-**	**-**	**5,207**	**5,207**
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic market	$ 469,332	469,332	-	-	469,332
Stocks unlisted in domestic market	97,458	-	-	97,458	97,458
	$ 566,790	**469,332**	**-**	**97,458**	**566,790**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,213,361				
Notes and accounts receivable (including related parties)	4,464,866				
Other receivables	549,118				
Other financial assets–current	94,669				
Other financial assets–non-current	162,935				
	$ 7,484,949				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$17,533,327				
Notes and accounts payable (including related parties)	4,966,174				
Other payables	1,926,257				
Guarantee deposits	537,602				
Lease liabilities	836,828				
	$25,800,188				

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic market	$ 546,332	546,332	-	-	546,332
Stocks unlisted in domestic market	111,714	-	-	111,714	111,714
	$ 658,046	**546,332**	**-**	**111,714**	**658,046**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,170,491				
Notes and accounts receivable (including related parties)	5,333,103				
Other receivables	665,715				
Other financial assets–current	57,890				
Other financial assets–non-current	172,657				
	$ 8,399,856				
Financial liabilities at fair value through profit or loss					
Interest rate swaps	**$ 2,402**	**-**	**-**	**2,402**	**2,402**
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$15,731,757				
Notes and accounts payable (including related parties)	4,902,704				
Other payables	2,189,901				
Guarantee deposits	482,017				
Lease liabilities	792,894				
	$24,099,273				

2) Valuation techniques to measure fair value of financial instruments not measured at fair value

Financial instruments of the Corporation not measured at fair value are financial assets and liabilities valued at amortized cost. Measurement of fair value of these financial instruments is based on recent transaction prices. When market price are unavailable, valuation is based on discounted cash flow.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments is based on quoted market prices if these prices are available in an active market. Quoted prices on stock exchanges are regarded as the fair value of equity instruments in a listed market. A financial instrument is regarded as being quoted in an active market if quoted market prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be met, then the market is considered as non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of financial assets and liabilities with standard terms and conditions and trading in active markets is based on quoted market prices. These include investments in stocks of listed entities.

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the book value per share of the investee and the price-book ratio of market comparable listed companies. The estimation of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of marketability.

b) Derivative financial instruments

The fair value is based on quoted prices. When quoted prices are unavailable, the fair value is in accordance with third-party pricing information.

4) Transfers between Level I and Level 2

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

5) Changes in Level 3

	Financial assets and liabilities at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance on January 1, 2022	$ (2,402)	111,714
Recognized in profit or loss	7,609	-
Recognized in other comprehensive income	-	(14,256)
Balance on December 31, 2022	**$ 5,207**	**97,458**
Balance on January 1, 2021	$ (8,972)	55,437
Recognized in profit or loss	6,570	-
Recognized in other comprehensive income	-	56,277
Balance on December 31, 2021	**$ (2,402)**	**111,714**

The aforementioned total gains and losses that were recognized in "other gains and losses" and "unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income". The gains and losses related to assets (liabilities) still held on December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total gains or losses		
In profit or loss (recognized in “other gains and losses”)	$ 7,609	6,570
In other comprehensive income (recognized in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	(14,256)	56,277

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Corporation’s financial instruments that use Level 3 inputs to measure fair value include “financial assets and liabilities at fair value through profit or loss–derivative financial investments” and “fair value through other comprehensive income–equity investments.” The fair value of these financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Corporation did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Significant quantitative information about unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income–equity investments in inactive markets	Market comparable listed company approach	Discounts for lack of marketability on December 31, 2022 and 2021 were both 30%	The fair value would decrease if the discount for lack of marketability were higher

7) Fair value measured in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Corporation’s measurement of fair value of financial instruments is reasonable, but using different evaluation models or parameters will cause different results. For financial instruments in Level 3, if the evaluation parameters had changed, the effects on other comprehensive income and loss would have been as follows:

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income and loss	
December 31, 2022				
Financial assets at fair value through other comprehensive income–equity investments in inactive markets	Discount for lack of marketability	±10%	$ (4,177)	4,177
December 31, 2021				
Financial assets at fair value through other comprehensive income–equity investments in inactive markets	Discount for lack of marketability	±10%	$ (4,788)	4,788

(u) Financial risk management

(i) The Corporation is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

For detailed information on exposure to each of the above risks, objectives, policies, and processes of risk measurement and management, and on quantitative disclosures, please refer to note 6(t).

(ii) Structure of risk management

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors monitors management to ensure compliance with the Corporation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation. The Board of Directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(v) Capital management

The Corporation's capital management policy is to maintain a strong capital base and appropriate debt ratio so as to maintain investor, creditor, and market confidence to sustain the future development of the business.

As of December 31, 2022 and 2021, the debt ratios were both 50%. There were no changes in the Corporation's approach to capital management as of December 31, 2022.

(w) The movements of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Short-term borrowings	$ 1,827,276	(1,815,927)	-	11,349
Long-term borrowings	13,904,481	3,617,497	-	17,521,978
Lease liabilities	792,894	(56,761)	100,695	836,828
Total liabilities from financing activities	**$ 16,524,651**	**1,744,809**	**100,695**	**18,370,155**

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Short-term borrowings	$ 1,798,204	29,072	-	1,827,276
Long-term borrowings	11,532,280	2,372,201	-	13,904,481
Lease liabilities	795,925	(55,500)	52,469	792,894
Total liabilities from financing activities	**$ 14,126,409**	**2,345,773**	**52,469**	**16,524,651**

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Corporation
Tzeng Long USA Inc. (Tzeng Long USA)	An associate of the Corporation
Ta-Yuan Cogeneration Co., Ltd. (Ta-Yuan Cogeneration)	An associate of the Corporation
Cheng Loong Investment Co., Ltd. (Cheng Loong Investment)	An associate of the Corporation
Ming Foong Plastic Co., Ltd. (Ming Foong Plastic)	The institutional director of the Corporation
Shine Far Co., Ltd. (Shine Far)	The institutional director of the Corporation
Sun Favorite Co., Ltd. (Sun Favorite)	The institutional director of the Corporation
Jen Yun Co., Ltd. (Jen Yun)	The entity's chairman is the second immediate family of the chairman of the Corporation
Wen Gin Development Co., Ltd. (Wen Gin Development)	The entity's chairman is the second immediate family of the chairman of the Corporation
Yamahatsu Nihon Co., Ltd. (Yamahatsu Nihon)	The entity's chairman is the second immediate family of the chairman of the Corporation

Name of related party	Relationship with the Corporation
Ko Loong Industry Co., Ltd. (Ko Loong Industry)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong Motor Co., Ltd. (Shan Loong Motor)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong Transportation Co., Ltd. (Shan Loong Transportation)	The entity's chairman is the second immediate family of the chairman of the Corporation
Shan Loong International & Customs Broker Co., Ltd. (Shan Loong International)	The entity's chairman is the second immediate family of the chairman of the Corporation
Sun Favorite (Shanghai) Co., Ltd. (Sun Favorite (Shanghai))	A substantial related party
Yue Loong Co., Ltd. (Yue Loong)	A substantial related party
Cheng Loong Children's Care Foundation (Cheng Loong Children's Care Foundation)	A substantial related party
Cheng Huotien Charity Foundation (Cheng Huotien Charity Foundation)	A substantial related party
Shine Far Construction Co., Ltd. (Shine Far Construction)	Original as substantial related party of the Corporation. After the substantial related party's election of its directors in December 2022, its chairman is the second immediate family of the chairman of the Corporation.
Shine Far Property Co., Ltd. (Shine Far Property)	Original as a subsidiary of the substantial related party of the Corporation. After the substantial related party's election of its directors in December 2022, its chairman is the second immediate family of the chairman of the Corporation.
Shine Far Electromechanical Co., Ltd. (Shine Far Electromechanical)	Original as a subsidiary of the substantial related party of the Corporation. After the substantial related party's election of its directors in December 2022, its chairman is the second immediate family of the chairman of the Corporation.
Employees' Welfare Committee of Cheng Loong Corporation (Employees' Welfare Committee of Cheng Loong)	A substantial related party
Liu, Ke-Ya	Original as the second immediate family of the chairman of the Corporation. After the Corporation's election of its chairman in June 2022, the related party is the second immediate family of the director of the Corporation.
Chien, Pi-Hua	Original as the second immediate family of the chairman of the Corporation. After the Corporation's election of its chairman in June 2022, the related party is the second immediate family of the director of the Corporation.
Liu, Yu-Bang	Original as the second immediate family of the chairman of the Corporation. After the Corporation's election of its chairman in June 2022, the related party is the second immediate family of the director of the Corporation.

Name of related party	Relationship with the Corporation
Cheng, Jen-Hong	The second immediate family of the chairman of the Corporation
Cheng, Chen-Loong	The second immediate family of the chairman of the Corporation
GemTech Optoelectronics Corp. (GemTech Optoelectronics)	A subsidiary of the Corporation
Vina Tawana Container Co., Ltd. (Vina)	A subsidiary of the Corporation
Omis International Holdings Limited (Omis Holdings)	A subsidiary of the Corporation
Chung Loong Paper Holdings Limited (Chung Loong Holdings)	A subsidiary of the Corporation
Winvantage Corporation (Winvantage)	A subsidiary of the Corporation
Scorpion Perfect Investments Ltd. (Scorpion)	A subsidiary of the Corporation
Hong Kong Chung Hao Limited (H.K. Chung Hao)	A subsidiary of the Corporation
Qingdao Chung Loong Paper Co., Ltd. (Qingdao Chung Loong Paper)	A subsidiary of the Corporation
Zhangzhou Cheng Loong Paper Co., Ltd. (Zhangzhou Cheng Loong Paper)	A subsidiary of the Corporation
Shanghai Chung Hao Paper Co., Ltd. (Shanghai Chung Hao Paper)	A subsidiary of the Corporation
Chengdu Cheng Loong Packing Products Co., Ltd. (Chengdu Cheng Loong Packing Products)	A subsidiary of the Corporation
Henan Cheng Loong Packing Products Co., Ltd. (Henan Cheng Loong Packing Products)	A subsidiary of the Corporation
Shan Fu Investment Co., Ltd. (Shan Fu)	A subsidiary of the Corporation
Hong Kong Shan Fu Limited (H.K. Shan Fu)	A subsidiary of the Corporation
Shan Fu Paper (Kunsan) Co., Ltd. (Shan Fu (Kunsan))	A subsidiary of the Corporation
Cheng Loong (Suzhou) Investment Co., Ltd. (Cheng Loong (Suzhou))	A subsidiary of the Corporation
Hong Kong Su Loong Limited (H.K. Su Loong)	A subsidiary of the Corporation
Suzhou Cheng Loong Paper Co., Ltd. (Suzhou Cheng Loong)	A subsidiary of the Corporation
Cheng Loong (Gwangtung) Investment Co., Ltd. (Cheng Loong (Gwangtung) Investment)	A subsidiary of the Corporation
Hong Kong Gwang Loong Limited (H.K. Gwang Loong)	A subsidiary of the Corporation
Cheng Loong (Gwangtung) Paper Co., Ltd. (Cheng Loong (Gwangtung))	A subsidiary of the Corporation
Chong Qing Cheng Loong Paper Co., Ltd. (Chong Qing Cheng Loong Paper)	A subsidiary of the Corporation
Dongguan Ming Loong Paper Co., Ltd. (Dongguan Ming Loong Paper)	A subsidiary of the Corporation
Cheng Loong (Hangzhou) Investment Co., Ltd. (Cheng Loong (Hangzhou))	A subsidiary of the Corporation
Loong Fu Investment Co., Ltd. (Loong Fu)	A subsidiary of the Corporation

Name of related party	Relationship with the Corporation
Hong Kong Loong Fu Limited (H.K. Loong Fu)	A subsidiary of the Corporation
Loong Fu Paper (Kunsan) Co., Ltd. (Loong Fu (Kunsan))	Original as a subsidiary of the Corporation, it's no longer as a related party after its all shares were sold in August 2021.
Chung Ming International Limited (Chung Ming)	A subsidiary of the Corporation
Chung Ming International Limited Taiwan (Chung Ming Taiwan)	A branch of a subsidiary of the Corporation
CorAsia Corp. (CAC)	A subsidiary of the Corporation
Cheng Loong Southeast Asia Holding Co., Ltd. (Southeast Asia Holding)	A subsidiary of the Corporation
Cheng Loong Vietnam Investment Co., Ltd. (Cheng Loong (Vietnam))	A subsidiary of the Corporation
Cheng Loong Binh Duong Container Co., Ltd. (Cheng Loong (Binh Duong))	A subsidiary of the Corporation
Cheng Loong Long An Container Co., Ltd. (Cheng Loong (Long An))	A subsidiary of the Corporation
Cheng Loong Bac Giang Company Limited (Cheng Loong (Bac Giang))	A subsidiary of the Corporation
Cheng Loong Ben Cat Company Limited (Cheng Loong (Ben Cat))	A subsidiary of the Corporation
Cheng Loong Indonesia Investment Co., Ltd. (Cheng Loong (Indonesia))	A subsidiary of the Corporation
CL Jakarta Container, PT (CL Jakarta)	A subsidiary of the Corporation
Cheng Loong Vietnam Paper Investment Co., Ltd. (Cheng Loong (Vietnam) Paper)	A subsidiary of the Corporation
Cheng Loong Binh Duong Paper Co., Ltd. (Cheng Loong (Binh Duong) Paper)	A subsidiary of the Corporation
Chinh Loong Co., Ltd. (Chinh Loong)	A subsidiary of the Corporation

(b) Significant related-party transactions

(i) Sale of goods and real estate to related parties

1) Sale of goods to related parties

	Sales of goods	
	2022	2021
Subsidiaries	$ 3,220,330	3,148,367
Associates	27,001	62,010
Other related parties	1,883,184	2,593,204
	$ 5,130,515	**5,803,581**

The prices of the goods sold by the Corporation to related parties were not significantly different from those of other customers. The credit terms ranged from 25 to 90 days, which were no significant difference with other customers.

As of December 31, 2022 and 2021, the Corporation's unearned sales revenue, due to sales of goods to other related parties, amounted to $601 thousand and $732 thousand, respectively, and were recorded as other current liabilities.

2) Sale of real estate to related parties

	Sale of real estate	
	2022	2021
Other related parties	**$ 150,450**	**-**

The prices of the real estate sold by the Corporation to related parties were not significantly different from those of other customers. The receivables were received according to the progress of the sales contract, which were no significant difference with other customers.

The contract amount of the Corporation selling its real estate (including for-sale and pre-sale) to the related parties were as follow:

Nature of related party	Year of sale	Contract amount
Other related parties	2019	$ 768,132
Other related parties	2021	150,450
Other related parties	2022	122,400

As of December 31, 2022 and 2021, the related advance payment received by the Corporation amounted to $285,103 thousand and $232,816 thousand, respectively, and were recorded as other current liabilities.

(ii) Purchase of goods from related parties

	Purchases	
	2022	2021
Subsidiaries	$ 31	3,208
Associates	366,975	770,889
Other related parties	1,202,924	1,485,556
	$ 1,569,930	**2,259,653**

The purchasing prices from related parties were not significantly different from those of other vendors. The payment terms was 30 days, which were no significant differences with other vendors.

(iii) Purchases or sales of property and other assets

1) In September 1993, the Corporation sold land to an associate. The gain on this disposal amounted to $181,965 thousand. The Corporation recognized a deferred unrealized gain of $89,345 thousand based on the percentage of ownership. As of December 31, 2022 and 2021, such gain was recorded as a subtraction from investments accounted for using equity method.

2) The Corporation entrusted other related parties with the construction of its plants and installation of its equipment. For the years ended December 31, 2022 and 2021, the amounts of $652,176 thousand and $411,653 thousand, respectively, were recorded as property, plant, and equipment for the above transactions, where the payables of $59,894 thousand and $61,830 thousand, respectively,

were recorded as other current liabilities. As of December 31, 2022 and 2021, the related undue disbursements for the above construction and installation contracts amounted to $290,932 thousand and $531,942 thousand, respectively.

3) In August 2020, the Board of Directors resolved to purchase the land and buildings from Sun Favorite at the amount of $1,252,662 thousand, which was negotiated and determined based on the appraisal report. For the year ended December 31, 2021, the payables for the transaction were fully paid, and the related real estates were recorded as property, plant, and equipment. All statutory registration procedures had since been completed.

4) The Corporation early terminated its lease contract of sub-leasing the leased land of Port of Taichung to Shan Loong Transportation in August 2021. Besides, the Board of Directors resolved to purchase the land improvements related to the leased land from Shan Loong Transportation at the amount of $76,281 thousand, which was negotiated and determined based on market conditions. For the year ended December 31, 2021,, the payables for the transaction were fully paid, and the land improvements was recorded as property, plant, and equipment.

5) For the year ended December 31, 2021, the Corporation sold its machinery to an associate. The price and gain on disposal both amounted to $1,530 thousand, and the receivables for the transaction were fully received. For the year ended December 31, 2022, the Corporation did not sell its machinery to any associates.

6) For the years ended December 31, 2022 and 2021, the Corporation purchased the machinery from other related parties amounting to $100,740 thousand and $18,582 thousand, respectively, which was negotiated and determined based on market conditions. The payment term was on a monthly basis, which was the Corporation’s general payment terms of acquiring the machinery. For the years ended December 31, 2022 and 2021, the payables for the transaction were $8,190 thousand and $0 thousand, respectively, were recorded as other current liabilities. As of December 31, 2022 and 2021, the related undue disbursements for the above purchase contracts amounted to $254,703 thousand and $57,030 thousand, respectively.

(iv) Lease

1) Lessee

The Corporation rented land, plants, and buildings from other related parties. The depreciation and rental expenses were as follows:

	Depreciation and Rental expense	
	2022	2021
Other related parties	**$ 5,491**	**6,056**

The rental expenses paid to related parties were according to the terms of the contracts and were negotiated based on local market prices.

For the years ended December 31, 2022 and 2021, the Corporation recognized the amount of $402 thousand and $500 thousand as interest expense related to the lease liabilities, respectively. As of December 31, 2022 and 2021, the balances of lease liabilities amounted to $21,403 thousand and $26,116 thousand, respectively.

2) Lessor

The Corporation leased out land, plants, buildings, and parking spaces to its subsidiaries, associates and other related parties. The rental revenue were as follows:

	Rental revenue	
	2022	2021
Subsidiaries	$ 6,142	7,032
Associates	2,729	2,162
Other related parties:		
Shan Loong Transportation	14,909	36,136
Others	32,556	31,998
	$ 56,336	**77,328**

In August 2021, the Corporation reached an agreement with Shan Loong Transportation for the early termination of the lease contract of the leased land regarding the Port of Taichung, resulting in the reclassification of the leased land from investment properties to right of use assets. Please refer to notes 6(h) and (i).

As of December 31, 2022 and 2021, receivables for the rental revenue amounted to $0 thousand and $2,258 thousand, respectively, and were recorded as other current assets.

The rental was collected according to the terms of the contracts and was negotiated based on local market prices.

(v) Miscellaneous transactions

1) The miscellaneous expenses which the Corporation paid to its related parties were as follows:

	Item	2022	2021
Associates	Co-generation expenses, technical service and others	$ 545,252	513,728
Other related parties	Delivery expense	1,106,793	1,187,588
Other related parties	Maintenance expense, technical service, real estate agency service, and commissioning of building construction	429,712	326,492
Other related parties	Customs declaration expenses	135,543	106,030
Other related parties	Others	90,076	159,681
		$ 2,307,376	**2,293,519**

As of December 31, 2022 and 2021, the payables for the maintenance expense, technical service, real estate consignment and other transactions amounted to $16,230 thousand and $10,539 thousand, respectively, recorded as other current liabilities. For details on the payables on remaining transactions, please refer to note 7(b) (vi).

2) Payments paid on behalf of others from its related parties were as follows:

	Item	2022	2021
Subsidiaries	Payments for the salary of technical support personnel	$ 872	-
Associates	Others	2,540	2,635
Other related parties	Payments for the salary of technical support personnel	5,308	5,266
Other related parties	Others	3,427	3,756
		$ 12,147	**11,657**

(vi) Notes and accounts receivable from and payable to related parties

Notes and accounts receivable from and payable to related parties resulting from the above transactions (except payments paid on behalf of others and for miscellaneous transactions) were as follows:

	Notes and accounts receivables	
	December 31, 2022	December 31, 2021
Subsidiaries:		
Chung Ming Taiwan	$ 555,020	414,965
Others	236,786	423,441
Associates	472	8,020
Other related parties:		
Sun Favorite	379,049	677,211
Others	23,786	37,447
	$ 1,195,113	**1,561,084**

	Notes and accounts payables	
	December 31, 2022	December 31, 2021
Subsidiaries	$ 12	8
Associates	49,006	46,480
Other related parties	253,341	301,796
	$ 302,359	**348,284**

(vii) Guarantees and endorsements

The guarantees and endorsement for subsidiaries were as follow:

		December 31, 2022	December 31, 2021
Cheng Loong (Binh Duong) Paper	$	22,631,716	19,850,833
Others		6,999,698	5,942,505
	$	**29,631,414**	**25,793,338**

(viii) Loans to related parties

The loans to subsidiaries were as follows:

		December 31, 2022	December 31, 2021
H.K. Chung Hao	$	536,638	511,155
H.K. Gwang Loong		-	138,150
	$	**536,638**	**649,305**

The interest income resulting from the loans to subsidiaries were as follows:

		2022	2021
H.K. Chung Hao	$	6,209	7,446
H.K. Gwang Loong		503	3,724
	$	**6,712**	**11,170**

As of December 31, 2022 and 2021, the interests receivable from the above loans amounted to $2,049 thousand and $3,238 thousand, respectively, which were recorded as other current assets.

(c) Key management personnel compensation

		2022	2021
Short-term employee benefits	$	65,318	58,640
Post-employment benefits		596	456
Termination benefits		-	-
Other long-term benefits		-	-
Share-based payments		-	-
	$	**65,914**	**59,096**

The Corporation provides vehicles for directors, supervisors, and upper management. As of December 31, 2022, the cost of acquisition was $51,086 thousand.

(8) Pledged assets

The assets pledged as collateral for bank borrowings were as follows:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Property, plant and equipment:			
Land	Bank long-term borrowing	$ 1,263,038	1,263,038
Buildings	"	1,016,840	341,774
Machinery	"	3,284,026	3,597,467
Right-of-use assets:			
Land	Bank long-term borrowing	170,377	-
Investment property:			
Land	Bank long-term borrowing	1,694	1,694
Buildings	"	27,822	28,766
Total		**$ 5,763,797**	**5,232,739**

(9) Commitments and contingencies

(a) As of December 31, 2022 and 2021, the Corporation had outstanding letters of credit amounting to $532,505 thousand and $383,556 thousand, respectively. The fair value of the letters of credit was similar to the contract price.

(b) The Corporation signed contracts for the construction of buildings. As of December 31, 2022 and 2021, the related undue disbursements amounted to $556,730 thousand and $990,529 thousand, respectively.

(c) As of December 31, 2022 and 2021, the significant construction contracts and the undue fixed asset purchase contracts of the Corporation amounted to $1,806,024 thousand and $1,950,427 thousand, respectively.

(d) As of December 31, 2022 and 2021, the pre-sale contracts of real estate signed with clients both amounted to $2,584,689 thousand.

(e) For the details of the Corporation’s guarantees, endorsements and commitments to related parties please refer to note 7.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

(a) Employee benefits, depreciation, and amortization are summarized, by function are as follows:

By function / By item	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	2,247,004	1,217,790	3,464,794	2,488,104	1,311,093	3,799,197
Labor and health insurance	207,867	101,398	309,265	207,263	104,482	311,745
Pension	92,541	52,086	144,627	93,716	51,322	145,038
Remuneration of directors	-	16,710	16,710	-	16,560	16,560
Others	204	104,922	105,126	197	101,952	102,149
Depreciation	1,500,086	191,644	1,691,730	1,331,654	182,955	1,514,609
Amortization	5,780	10,815	16,595	3,242	9,031	12,273

The following were the additional information about the Corporation's employees and employee benefits for the years ended December 31, 2022 and 2021:

	2022	2021
Numbers of employees	3,712	3,708
Numbers of directors, but not employees concurrently	4	4
The average employee benefits	$ 1,085	1,177
The average salaries and wages	$ 934	1,026
Adjustment of the average salaries and wages	(8.97)%	
Remuneration to supervisors	$ -	-

The Corporation's remuneration to directors, managers and employees are as follows:

According to the articles of the Corporation, the remuneration of directors is the fixed remuneration determined by the director's involvement in the Corporation's operating activities, their contribution to the Corporation and the consideration of the remuneration of the competitors in the same industry. The remuneration of the Corporation's directors excludes variable remuneration determined by the profits of the Corporation.

The remuneration of managers and employees includes fixed salary and variable rewards. Fixed salary is determined by the positions and titles. Variable rewards include the employee remuneration determined by the profit before tax in accordance with the articles of the Corporation and bonuses. Bonuses are determined by the Corporation's operational performance and profits of the previous year and the individual performance, including the achievement rate, management ability, contribution and special merits. The remuneration of managers must be evaluated and determined by the Remuneration Committee, and thereafter, proposed to the Board of Directors for resolution.

(b) For the details of the arbitration regarding to the equity transaction between the subsidiary of the Corporation, Winvantage, and the subsidiaries of China Vanke Co., Ltd., including Sinobird Holding Limited and Hybest (BVI) Company Limited, please refer to note 12 of the Corporation's consolidated financial statements for the year ended December 31, 2022.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required to be disclosed by the Regulations for the Corporation:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	Cheng Loong Corporation	Hong Kong Gwang Loong Limited	Other receivables	Yes	482,475	459,975	-	3.00%	Short-term borrowings	-	Operating capital	-	-	-	5,668,754	11,337,509
0	Cheng Loong Corporation	Hong Kong Chung Hao Limited	Other receivables	Yes	804,125	766,625	536,638	3.00%	Short-term borrowings	-	Operating capital	-	-	-	5,668,754	11,337,509
1	Hong Kong Chung Hao Limited	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	96,495	91,995	91,995	3.00%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Suzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	91,995	91,995	91,995	3.20%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Hong Kong Shan Fu Limited	Other receivables	Yes	153,325	153,325	153,325	3.20%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Cheng Loong Vietnam Paper Investment Co., Ltd.	Other receivables	Yes	48,247	45,997	45,997	3.10%	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	128,660	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
1	Hong Kong Chung Hao Limited	Winvantage Corporation	Other receivables	Yes	321,650	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,523,409	1,523,409
2	Hong Kong Gwang Loong Limited	Cheng Loong (Hangzhou) Investment Co., Ltd.	Other receivables	Yes	32,165	30,665	30,665	3.10%	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
2	Hong Kong Gwang Loong Limited	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	96,495	91,995	91,995	3.00%	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
2	Hong Kong Gwang Loong Limited	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	98,688	49,064	49,064	4.50%	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
2	Hong Kong Gwang Loong Limited	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	96,495	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,323,806	1,323,806
3	Hong Kong Loong Fu Limited	Hong Kong Shan Fu Limited	Other receivables	Yes	144,743	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	324,210	324,210
4	Shanghai Chung Hao Paper Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	292,585	286,188	286,188	3.65%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
4	Shanghai Chung Hao Paper Co., Ltd.	Henan Cheng Loong Packing Products Co., Ltd.	Other receivables	Yes	135,203	131,527	131,527	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
4	Shanghai Chung Hao Paper Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	89,640	87,680	87,680	3.65%	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
4	Shanghai Chung Hao Paper Co., Ltd.	Suzhou Cheng Loong Paper Co., Ltd	Other receivables	Yes	49,612	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	1,313,095	1,313,095
5	Suzhou Cheng Loong Paper Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	55,088	1,228	1,228	0.46%	Short-term borrowings	-	Operating capital	-	-	-	171,639	171,639
6	Henan Cheng Loong Packing Products Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	303	-	-	- %	Short-term borrowings	-	Operating capital	-	-	-	43,926	43,926
7	Shan Fu Paper (Kunsan) Co., Ltd.	Suzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	135,904	113,984	113,984	3.65%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	767,347	767,347
7	Shan Fu Paper (Kunsan) Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	114,291	111,792	111,792	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	767,347	767,347
7	Shan Fu Paper (Kunsan) Co., Ltd.	Shanghai Chung Hao Paper Co., Ltd.	Other receivables	Yes	199,748	51,230	51,230	0.46%	Short-term borrowings	-	Operating capital	-	-	-	767,347	767,347
8	Dongguan Ming Loong Paper Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	40,947	40,947	40,947	3.85%	Short-term borrowings	-	Operating capital	-	-	-	213,143	213,143
9	Cheng Loong (Gwangtung) Paper Co., Ltd.	Zhangzhou Cheng Loong Paper Co., Ltd.	Other receivables	Yes	36,641	31,296	31,296	3.85%	Short-term borrowings	-	Operating capital	-	-	-	919,004	919,004
9	Cheng Loong (Gwangtung) Paper Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	156,870	153,440	153,440	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	919,004	919,004
10	Chengdu Cheng Loong Packing Products Co., Ltd.	Qingdao Chung Loong Paper Co., Ltd.	Other receivables	Yes	43,475	40,333	40,333	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466
10	Chengdu Cheng Loong Packing Products Co., Ltd.	Cheng Loong (Gwangtung) Paper Co., Ltd.	Other receivables	Yes	95,812	1,582	1,582	3.85%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
10	Chengdu Cheng Loong Packing Products Co., Ltd.	Chong Qing Cheng Loong Paper Co., Ltd.	Other receivables	Yes	66,780	65,760	65,760	3.70%~ 3.85%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466
10	Cheng Loong (Gwangtung) Investment Co., Ltd.	Henan Cheng Loong Packing Products Co., Ltd.	Other receivables	Yes	15,582	15,344	15,344	3.70%	Short-term borrowings	-	Operating capital	-	-	-	344,466	344,466

Note 1: The amount and total amount for loans to a company shall not exceed 20% and 40% of the net worth of the Corporation in its latest financial statements, respectively. The amount and the total amount for loans to a company shall not exceed its net worth in the latest financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements during the period	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Corporation	Cheng Loong Long An Container Co., Ltd.	2	28,343,772	1,290,600	1,230,600	572,187	-	4.34%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Binh Duong Container Co., Ltd.	2	28,343,772	371,280	369,180	-	-	1.30%	51,018,790	Y	N	N
0	The Corporation	Vina Tawana Container Co., Ltd.	2	28,343,772	193,590	184,590	-	-	0.65%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Binh Duong Paper Co., Ltd.	2	28,343,772	23,772,866	22,631,716	9,523,040	-	79.85%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Bac Giang Company Limited	2	28,343,772	1,268,540	1,261,365	735,143	-	4.45%	51,018,790	Y	N	N
0	The Corporation	Cheng Loong Ben Cat Company Limited	2	28,343,772	859,905	838,065	445,387	-	2.96%	51,018,790	Y	N	N
0	The Corporation	Hong Kong Shan Fu Limited	2	28,343,772	322,650	307,650	153,825	-	1.09%	51,018,790	Y	N	N
0	The Corporation	Hong Kong Gwang Loong Limited	2	28,343,772	322,650	307,650	-	-	1.09%	51,018,790	Y	N	N
0	The Corporation	Chung Loong Paper Holdings Limited (Note 2)	2	28,343,772	451,710	430,710	-	-	1.52%	51,018,790	Y	N	N
0	The Corporation	Chung Ming International Limited (Note 2)	2	28,343,772	-	-	-	-	- %	51,018,790	Y	N	N
0	The Corporation	Chung Ming Taiwan (Note 2)	2	28,343,772	-	-	-	-	- %	51,018,790	Y	N	N
0	The Corporation	Dongguan Ming Loong Paper Co., Ltd.	2	28,343,772	546,723	473,346	265,148	-	1.67%	51,018,790	Y	N	Y

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements during the period	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Corporation	Zhangzhou Cheng Loong Paper Co., Ltd.	2	28,343,772	64,530	61,530	13,781	-	0.22%	51,018,790	Y	N	Y
0	The Corporation	Cheng Loong (Gwangtung) Paper Co., Ltd.	2	28,343,772	1,232,001	1,042,772	512,487	-	3.68%	51,018,790	Y	N	Y
0	The Corporation	Suzhou Cheng Loong Paper Co., Ltd.	2	28,343,772	798,320	492,240	205,421	-	1.74%	51,018,790	Y	N	Y

Note 1: The guarantee amount to a company shall not exceed its net worth in the latest financial statements, and the total guarantee amount to a company shall not exceed 180% of its net worth in the latest financial statements.
Note 2: The guarantee of Chung Loong Paper Holdings Limited amounting to $430,710 thousand is shared with Chung Ming International Limited and Chung Ming Taiwan.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures associates):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
	Stocks:							
The Corporation	Long Chen Paper & Packaging Co., Ltd.	-	Financial assets measured at FVOCI	3	46	-	46	
"	Shan Loong Transportation Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Corporation	"	12,690	404,811	9.24	404,811	
"	O-Bank Co., Ltd	-	"	7,685	64,475	0.25	64,475	
"	Linkou International Golf & Country Club	-	"	9 (shares)	11,882	0.90	11,882	
"	Ko Loong Industry Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Corporation	"	1,320	45,191	12.94	45,191	
"	Ming Foong Plastic Co., Ltd.	The institutional director of the Corporation	"	878	38,903	8.14	38,903	
"	Hsin Tung Yang Co., Ltd.	-	"	26	1,482	0.03	1,482	
					566,790			
	Open-end funds:							
Omis International Holdings Limited	Franklin Templeton Investment Funds -Franklin U.S. Government Fund	-	Financial assets measured at FVTPL-current	10	3,052	-	3,052	
Scorpion Perfect Investments Ltd.	Franklin Templeton Investment Funds -Franklin U.S. Government Fund	-	Financial assets measured at FVTPL-current	3	915	-	915	
					3,967			

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
	Stock:													
The Corporation	Cheng Loong Southeast Asia Holding Co., Ltd.	Investments accounted for using equity method	Initial offerings	Subsidiary	259,980	5,346,933	81,640	2,482,355	-	-	(1,003,152) (Note 1)	-	341,620	6,826,136
Cheng Loong Southeast Asia Holding Co., Ltd.	Cheng Loong Vietnam Paper Investment Co., Ltd.	"	"	"	190,000	3,468,350	80,000	2,451,010	-	-	(1,102,428) (Note 1)	-	270,000	4,816,932
Cheng Loong Vietnam Paper Investment Co., Ltd.	Cheng Loong Binh Duong Paper Co., Ltd.	"	"	"	(Note 2)	3,506,769	(Note 2)	2,458,770	-	-	(1,102,873) (Note 1)	-	(Note 2)	4,862,666

Note 1: Adjustments based on equity methods.
Note 2: Limited liability company does not have shares.
Note 3: The above NTD amounts were translated based on the USD exchange rate at the reporting date, which was 30.6650.

(v) Acquisition of individual real estate with an amount exceeding the lower of $300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Corporation	Tzeng Long USA	An associate of the Corporation	Purchase	366,975	2%	T/T	The same as general trading	The same as general trading	-	- %	
"	Shan Loong Transportation	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	207,318	1%	50 days from the following month	"	"	(212,808)	(4)%	
"	Yamahatsu Nihon	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	969,262	5%	T/T	"	"	(10,844)	- %	
"	Sun Favorite	The institutional director of the Corporation	Sale	(1,755,600)	(5)%	90 days from the following month	"	"	379,049	8%	
"	Chung Ming Taiwan	Subsidiary's branch	Sale	(2,282,549)	(7)%	90 days from the following month	"	"	555,020	12%	
"	Shanghai Chung Hao	A subsidiary of the corporation	Sale	(163,817)	(1)%	90 days from the following month	"	"	90,886	2%	

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Corporation	Suzhou Cheng Loong	A subsidiary of the corporation	Sale	(378,583)	(1)%	90 days from the following month	The same as general trading	The same as general trading	74,739	2%	
"	Dongguan Ming Loong Paper	A subsidiary of the corporation	Sale	(266,148)	(1)%	90 days from the following month	"	"	43,429	1%	
"	Zhangzhou Cheng Loong	A subsidiary of the corporation	Sale	(114,474)	-%	90 days from the following month	"	"	20,717	- %	
"	Cheng, Chen-Loong	The second immediate family of the chairman of the Corporation	Sale	(150,450)	-%	According to the progress of the sales contract	"	"	-	- %	
Chung Ming	Dongguan Ming Loong Paper	From the same parent company	Purchase	209,358	70%	90 days from the following month	"	"	(53,483)	(79)%	
Chung Ming Taiwan	The Corporation	Ultimate controlling party	Purchase	2,282,549	38%	90 days from the following month	"	"	(555,020)	(39)%	
"	Cheng Loong (Gwangtung)	From the same parent company	Sale	(185,773)	(3)%	180 days from the following month	"	"	33,967	2%	
"	Cheng Loong (Gwangtung)	From the same parent company	Purchase	247,654	4%	90 days from the following month	"	"	(86,232)	(6)%	
"	Hong Kong Shan Fu	From the same parent company	Sale	(1,286,385)	(20)%	180 days from the following month	"	"	452,579	24%	
"	Hong Kong Shan Fu	From the same parent company	Purchase	1,859,522	31%	90 days from the following month	"	"	(467,346)	(33)%	
"	Hong Kong Gwang Loong	From the same parent company	Sale	(394,557)	(6)%	180 days from the following month	"	"	95,734	5%	
"	Hong Kong Gwang Loong	From the same parent company	Purchase	1,291,833	22%	90 days from the following month	"	"	(301,735)	(21)%	
"	Shan Fu Kunsan	From the same parent company	Sale	(199,668)	(3)%	180 days from the following month	"	"	58,568	3%	
Shanghai Chung Hao	The Corporation	Ultimate controlling party	Purchase	163,817	46%	90 days from the following month	"	"	(90,886)	(45)%	
Shan Fu Kunsan	Chung Ming Taiwan	From the same parent company	Purchase	199,668	67%	180 days from the following month	"	"	(58,568)	(48)%	
Suzhou Cheng Loong	The Corporation	Ultimate controlling party	Purchase	378,583	65%	90 days from the following month	"	"	(74,739)	(56)%	
Cheng Loong (Gwangtung)	Hong Kong Gwang Loong	From the same parent company	Sale	(466,410)	(49)%	90 days from the following month	"	"	57,039	33%	
"	Chung Ming Taiwan	From the same parent company	Sale	(247,654)	(26)%	90 days from the following month	"	"	86,232	50%	
"	Chung Ming Taiwan	From the same parent company	Purchase	185,773	44%	180 days from the following month	"	"	(33,967)	(28)%	
Dongguan Ming Loong Paper	The Corporation	Ultimate controlling party	Purchase	266,148	31%	90 days from the following month	"	"	(43,429)	(31)%	
"	Chung Ming	From the same parent company	Sale	(209,358)	(22)%	90 days from the following month	"	"	53,483	23%	
Zhangzhou Cheng Loong	The Corporation	Ultimate controlling party	Purchase	114,474	62%	90 days from the following month	"	"	(20,717)	(62)%	

Name of company	Related party	Nature of the relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	Sale	(1,859,522)	(100)%	90 days from the following month	The same as general trading	The same as general trading	467,346	99%	
"	Chung Ming Taiwan	From the same parent company	Purchase	1,286,385	49%	180 days from the following month	"	"	(452,579)	(76)%	
"	Cheng Loong (Long An)	From the same parent company	Purchase	120,490	5%	90 days from the following month	"	"	(13,429)	(2)%	
"	Cheng Loong (Binh Duong)	From the same parent company	Purchase	363,044	14%	90 days from the following month	"	"	(69,429)	(12)%	
"	Vina	From the same parent company	Purchase	132,609	5%	90 days from the following month	"	"	(27,318)	(5)%	
Hong Kong Gwang Loong	Chung Ming Taiwan	From the same parent company	Sale	(1,291,833)	(100)%	90 days from the following month	"	"	301,735	80%	
"	Chung Ming Taiwan	From the same parent company	Purchase	394,557	30%	180 days from the following month	"	"	(95,734)	(52)%	
"	Cheng Loong (Gwangtung)	From the same parent company	Purchase	466,410	35%	90 days from the following month	"	"	(57,039)	(31)%	
Vina	Hong Kong Shan Fu	From the same parent company	Sale	(132,609)	(8)%	90 days from the following month	"	"	27,318	13%	
Vina	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	308,228	22%	30 days from the following month	"	"	(36,964)	(32)%	
"	Cheng Loong (Long An)	From the same parent company	Purchase	110,029	8%	30 days from the following month	"	"	(2,524)	(2)%	
Cheng Loong (Binh Duong) Paper	Cheng Loong (Long An)	From the same parent company	Sale	(340,589)	(8)%	90 days from the following month	"	"	66,674	18%	
"	Cheng Loong (Binh Duong)	From the same parent company	Sale	(645,421)	(16)%	30 days from the following month	"	"	60,488	16%	
"	Vina	From the same parent company	Sale	(308,228)	(8)%	30 days from the following month	"	"	36,964	10%	
"	Yamahatsu Nihon	The entity's chairman is the second immediate family of the chairman of the Corporation	Purchase	153,258	4%	T/T	"	"	(1,140)	- %	
Cheng Loong (Binh Duong)	Hong Kong Shan Fu	From the same parent company	Sale	(363,044)	(16)%	90 days from the following month	"	"	69,429	21%	
"	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	645,421	36%	30 days from the following month	"	"	(60,488)	(29)%	
Cheng Loong (Long An)	Hong Kong Shan Fu	From the same parent company	Sale	(120,490)	(11)%	90 days from the following month	"	"	13,429	11%	
"	Cheng Loong (Binh Duong) Paper	From the same parent company	Purchase	340,589	41%	90 days from the following month	"	"	(66,674)	(62)%	
"	Vina	From the same parent company	Sale	(110,029)	(10)%	30 days from the following month	"	"	2,524	2%	

(viii)Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of the relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Loss allowance	Note
					Amount	Action taken			
			Accounts Receivable:						
The Corporation	Sun Favorite	The institutional director of the Corporation	379,049	3.32	-		114,671	-	
"	Chung Ming Taiwan	Subsidiary's branch	555,020	4.71	-		234,158	-	
Chung Ming Taiwan	Hong Kong Shan Fu	From the same parent company	452,579	3.57	-		104,077	-	
Hong Kong Shan Fu	Chung Ming Taiwan	From the same parent company	467,346	6.62	-		174,708	-	
Hong Kong Gwang Loong	Chung Ming Taiwan	From the same parent company	301,735	4.84	-		110,562	-	
			Other receivables:						
The Corporation	Hong Kong Chung Hao	A subsidiary of the Corporation	536,638	-	-		-	-	
Shanghai Chung Hao	Henan Cheng Loong	From the same parent company	131,527	-	-		-	-	
"	Chong Qing Cheng Loong	From the same parent company	286,188	-	-		-	-	
Shan Fu Kunsan	Suzhou Cheng Loong	From the same parent company	113,984	-	-		-	-	
"	Chong Qing Cheng Loong	From the same parent company	111,792	-	-		-	-	
Cheng Loong (Gwangtung)	Chong Qing Cheng Loong	From the same parent company	153,440	-	-		-	-	
Hong Kong Chung Hao	Hong Kong Shan Fu	From the same parent company	153,325	-	-		-	-	

Note 1: Amounts collected as of February 10, 2023.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/ losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership (%)	Carrying value			
The Corporation	Ta-Yuan Cogeneration Co., Ltd.	Taiwan	Engaged in the management of cogeneration	310,459	310,459	50,201	41.06	804,583	368,069	151,134	(Note 5)
"	Tzeng Long USA Inc.	U.S.A	Paper trading	76,008	76,008	393	34.03	504,858	166,617	56,700	(Note 5)
"	Shin Loong Lifecare Corp.	Taiwan	Leisure, sports and creation management and facilities consultation	25,091	25,091	2,700	45.00	22,024	2,564	1,154	(Note 5)
"	Cheng Loong Investment Co., Ltd.	Taiwan	Investment	45,000	45,000	4,500	34.62	196,256	30,078	10,413	(Note 5)
"	GemTech Optoelectronics Corp.	Taiwan	Manufacture and Installation of Electronic Components	125,118	125,118	11,167	59.13	222,610	37,147	21,964	(Note 4)
"	Omis International Holdings Limited	British Virgin Islands	Investment	564,392 (Note 6)	2,638,402	13,586	100.00	4,874,766	998,667	998,667	(Note 4)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/ losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership (%)	Carrying value			
The Corporation	Vina Tawana Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Cardboard, Kraft Linerboard and Display Boxes	601,322	601,322	(Note 2)	100.00	647,545	139,058	139,058	(Note 4)
"	Cheng Loong Southeast Asia Holding Co., Ltd.	Samoa	Investment	10,314,792	7,832,437	341,620	100.00	6,826,136	(1,098,307)	(1,098,307)	(Note 4)
"	Accumulated impairment							(16,025)			
	Total							**14,082,753**		**280,783**	
GemTech Optoelectronics Corp.	Ta-Yuan Cogeneration Co., Ltd.	Taiwan	Engaged in the management of cogeneration	9,979	-	334	0.27	10,384	368,069	863	(Note 5)
Omis International Holdings Limited	Chung Loong Paper Holdings Limited	Cayman Islands	Investment	1,615,524 (USD 52,683 thousand) (Note 7)	2,653,872 (USD 86,544 thousand)	22,574	84.18	4,695,793	1,185,637	998,070	(Note 4)
Chung Loong Paper Holdings Limited	Scorpion Perfect Investments Ltd.	British Virgin Islands	Investment	1,214,150 (USD 39,594 thousand)	1,214,150 (USD 39,594 thousand)	60,078	100.00	1,529,073	(153,169)	(153,169)	(Note 4)
"	Winvantage Corporation	British Virgin Islands	Investment	116,926 (USD 3,813 thousand)	116,926 (USD 3,813 thousand)	1	100.00	2,636	1,185,042	1,185,042	(Note 4)
"	Shan Fu Investment Co., Ltd.	Samoa	Investment	253,937 (USD 8,281 thousand)	253,937 (USD 8,281 thousand)	14,083	100.00	742,186	4,565	4,565	(Note 4)
"	Cheng Loong (Suzhou) Investment Co., Ltd.	Samoa	Investment	594,318 (USD 19,381 thousand)	594,318 (USD 19,381 thousand)	19,500	100.00	179,907	(122,064)	(122,064)	(Note 4)
"	Cheng Loong (Hangzhou) Investment Co., Ltd.	Samoa	Investment	307 (USD10 thousand)	307 (USD10 thousand)	10	100.00	(28,034)	542	542	(Note 4)
"	Cheng Loong (Gwangtung) Investment Co., Ltd.	Samoa	Investment	633,232 (USD 20,650 thousand)	633,232 (USD 20,650 thousand)	30,150	100.00	1,434,032	(8,018)	(8,018)	(Note 4)
"	Loong Fu Investment Co., Ltd.	Samoa	Investment	255,317 (USD 8,326 thousand)	255,317 (USD 8,326 thousand)	8,500	100.00	323,985	3,287	3,287	(Note 4)
"	Chung Ming International Limited	Samoa	Investment	30,665 (USD 1,000 thousand)	30,665 (USD 1,000 thousand)	1,000	100.00	1,301,635	267,311	267,311	(Note 4)
Scorpion Perfect Investments Ltd.	Hong Kong Chung Hao Limited	Hong Kong	Investment	1,804,574 (USD 58,848 thousand)	1,804,574 (USD 58,848 thousand)	(Note 2)	100.00	1,523,409	(153,081)	(153,081)	(Note 4)
Shan Fu Investment Co., Ltd.	Hong Kong Shan Fu Limited	Hong Kong	Investment	431,855 (USD 14,083 thousand)	431,855 (USD 14,083 thousand)	(Note 2)	100.00	721,239	4,480	4,480	(Note 4)
Cheng Loong (Suzhou) Investment Co., Ltd.	Hong Kong Su Loong Limited	Hong Kong	Investment	567,303 (USD 18,500 thousand)	567,303 (USD 18,500 thousand)	(Note 2)	100.00	171,651	(122,079)	(122,079)	(Note 4)
Cheng Loong (Gwangtung) Investment Co., Ltd.	Hong Kong Gwang Loong Limited	Hong Kong	Investment	1,200,535 (USD 39,150 thousand)	1,200,535 (USD 39,150 thousand)	(Note 2)	100.00	1,323,806	(7,962)	(7,962)	(Note 4)
Loong Fu Investment Co., Ltd.	Hong Kong Loong Fu Limited	Hong Kong	Investment	260,653 (USD 8,500 thousand)	260,653 (USD 8,500 thousand)	(Note 2)	100.00	324,210	3,287	3,287	(Note 4)
Chung Ming International Limited	CorAsia Corp.	U.S.A	Design of Paper Boxes	16,866 (USD 550 thousand)	16,866 (USD 550 thousand)	(Note 2)	100.00	18,523	2,029	2,029	(Note 4)
Cheng Loong Southeast Asia Holding Co., Ltd.	Cheng Loong Vietnam Investment Co., Ltd.	Samoa	Investment	2,223,519 (USD 72,510 thousand)	2,173,229 (USD 70,870 thousand)	72,510	100.00	2,007,621	(15,634)	(15,634)	(Note 4)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/ losses of investee (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership (%)	Carrying value			
Cheng Loong Southeast Asia Holding Co., Ltd.	Cheng Loong Indonesia Investment Co., Ltd.	Samoa	Investment	30,358 (USD 990 thousand)	30,358 (USD 990 thousand)	990	100.00	486	(320)	(320)	(Note 4)
"	CL Jakarta Container, PT	Indonesia	Cardboard and Paper Products	307 (USD10 thousand)	307 (USD10 thousand)	(Note 2)	1.00	1	(4)	-	(Note 4)
"	Cheng Loong Vietnam Paper Investment Co., Ltd.	Samoa	Investment	8,279,550 (USD 270,000 thousand)	5,826,350 (USD 190,000 thousand)	270,000	100.00	4,816,932	(1,082,318)	(1,082,318)	(Note 4)
Cheng Loong Vietnam Investment Co., Ltd.	Cheng Loong Binh Duong Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes	674,630 (USD 22,000 thousand)	674,630 (USD 22,000 thousand)	(Note 2)	100.00	782,552	81,105	81,105	(Note 4)
"	Cheng Loong Long An Container Co., Ltd.	Vietnam	Manufacture and Sale of Corrugated Paper Boxes	827,955 (USD 27,000 thousand)	827,955 (USD 27,000 thousand)	(Note 2)	100.00	471,888	(35,655)	(35,655)	(Note 4)
"	Cheng Loong Bac Giang Company Limited	Vietnam	Manufacture of Advanced Packaging for Electronic Products and Tissue, Carton, Wrapping paper, Pallets for Export, Separator, Other Paper Products, Lithographic and Flexographic packaging	551,970 (USD 18,000 thousand) (Note 4)	306,650 (USD 10,000 thousand)	(Note 2)	100.00	444,002	(16,138)	(16,138)	(Note 4)
"	Cheng Loong Ben Cat Company Limited	Vietnam	Corrugated Medium, Corrugated Paper, Paper and Cardboard Packaging	367,980 (USD 12,000 thousand)	367,980 (USD 12,000 thousand)	(Note 2)	100.00	256,013	(45,640)	(45,640)	(Note 4)
"	Cheng Tong Investment Co., Ltd.	Samoa	Investment	50,291 (USD 1,640 thousand) (Note 8)	-	1,640	40.00	50,510	547	219	(Note 5)
Cheng Loong Indonesia Investment Co., Ltd.	CL Jakarta Container, PT	Indonesia	Cardboard and Paper Products	30,358 (USD 990 thousand)	30,358 (USD 990 thousand)	(Note 2)	99.00	133	(4)	(4)	(Note 4)
Cheng Loong Vietnam Paper Investment Co., Ltd.	Cheng Loong Binh Duong Paper Co., Ltd.	Vietnam	Manufacture of Industrial and Household Paper	8,279,642 (USD 270,003 thousand)	5,826,442 (USD 190,003 thousand)	(Note 2)	100.00	4,862,666	(1,079,341)	(1,079,341)	(Note 4)
Cheng Loong Binh Duong Paper Co., Ltd.	Chinh Loong Co., Ltd.	Vietnam	Water treatment, Wastewater treatment, Maintenance and Technical Repair	28,786	28,786	(Note 2)	99.00	24,271	(888)	(879)	(Note 4)

Note 1: Profit (loss) accounted for using equity method and unrealized gain (loss) are included.
Note 2: Limited liability company.
Note 3: The above investment amounts were translated based on the USD exchange rate at the reporting date, which was 30.6650.
Note 4: A subsidiary of the Corporation.
Note 5: An associate of the Corporation.
Note 6: Omis International Holdings Limited returned the capital amounting to USD 33,861 thousand and USD 33,174 thousand, respectively, in July and October 2022.
Note 7: Chung Loong Paper Holdings Limited returned the capital amounting to USD 33,861 thousand in July 2022.
Note 8: Invested capital and completed the registration process in the fourth quarter of 2022.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note5)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Shanghai Chung Hao Paper Co., Ltd.	Paper Containers, Household Papers and Core Papers	668,497 (USD 21,800 thousand) (Note 1)	(2) (Hong Kong Chung Hao Limited)	421,521 (USD 13,746 thousand)	-	-	421,521 (USD 13,746 thousand)	(77,815)	84.18%	(65,505)	1,105,363	-
Shan Fu Paper (Kunsan) Co., Ltd.	Corrugated Paper Boxes, Cardboard and Paper Products	429,310 (USD 14,000 thousand)	(2) (Hong Kong Shan Fu Limited)	253,968 (USD 8,282 thousand)	-	-	253,968 (USD 8,282 thousand)	42,121	84.18%	35,458	645,953	-
Suzhou Cheng Loong Paper Co., Ltd.	Cardboard	567,303 (USD 18,500 thousand) (Note 2)	(2) (Hong Kong Su Loong Limited)	563,623 (USD 18,380 thousand)	-	-	563,623 (USD 18,380 thousand)	(122,079)	84.18%	(102,766)	144,486	-
Cheng Loong (Gwangtung) Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products and Packaging Decoration Printing	950,615 (USD 31,000 thousand)	(2) (Hong Kong Gwang Loong Limited)	633,232 (USD 20,650 thousand)	-	-	633,232 (USD 20,650 thousand)	(25,717)	84.18%	(21,648)	773,618	-
Zhangzhou Cheng Loong Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products	422,564 (USD 13,780 thousand)	(2) (Hong Kong Chung Hao Limited)	127,106 (USD 4,145 thousand)	-	-	127,106 (USD 4,145 thousand)	(60,583)	84.18%	(50,998)	53,515	-
Qingdao Chung Loong Paper Co., Ltd.	Cardboard, Paper Boxes and Paper Products	122,660 (USD 4,000 thousand)	(2) (Hong Kong Chung Hao Limited)	920 (USD 30 thousand)	-	-	920 (USD30 thousand)	(6,732)	84.18%	(5,667)	7,144	-
Chong Qing Cheng Loong Paper Co., Ltd.	Corrugated Cardboard, Corrugated Boxes, Display Boxes, Paper Pallets and Paper Products	413,978 (USD 13,500 thousand)	(2) (Hong Kong Chung Hao Limited)	96,411 (USD 3,144 thousand) (Note 3)	-	-	96,411 (USD 3,144 thousand)	(66,754)	67.34%	(44,955)	(278,080)	-
Chengdu Cheng Loong Packing Products Co., Ltd.	Corrugated Cardboard, Paper Boxes, Paper Pallets and Paper Products	124,071 (USD 4,046 thousand)	(2) (Hong Kong Chung Hao Limited)	84,666 (USD 2,761 thousand)	-	-	84,666 (USD 2,761 thousand)	31,227	84.18%	26,287	289,971	-
Dongguan Ming Loong Paper Co., Ltd.	Corrugated Cardboard, Corrugated Boxes, Paper Pallets, paper products, Foam, Anti-Static Bubble Bags, Plastic buffer Packaging Materials and Packaging Decoration Printing	77,950 (USD 2,542 thousand)	(3) (Note 4)	-	-	-	-	11,955	84.18%	10,064	179,424	-
Henan Cheng Loong Packing Products Co., Ltd.	Corrugated Cardboard and Packaging Products	306,343 (USD 9,990 thousand)	(3) (Note 4)	47,439 (USD 1,547 thousand)	-	-	47,439 (USD 1,547 thousand)	(25,522)	84.18%	(21,484)	36,977	-

Note 1: Capital increase from retained earnings of USD3,780 thousand included.
Note 2: Capital increase from loan of USD2,000 thousand included.
Note 3: Investment capital recovered from Hangzhou Shengming was reinvested in Chong Qing Cheng Loong (USD2,990 thousand) and Cheng Loong (Hangzhou) with the amount of USD10 thousand in the first quarter of 2011.
Note 4: Except for the above disclosed investment capital, the capital of Dongguan Ming Loong Paper Co., Ltd., Zhangzhou Cheng Loong Paper Co., Ltd., Qingdao Chung Loong Paper Co., Ltd., Chengdu Cheng Loong Packing Products Co., Ltd., Chong Qing Cheng Loong Paper Co., Ltd., Cheng Loong (Gwangtung) Paper Co., Ltd., and Henan Cheng Loong Packing Products Co., Ltd., were invested from retained earnings.
Note 5: There are three ways to invest in China:
(1) Direct investment.
(2) Invest through offshore company (offshore investment company).
(3) Others.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,228,886 (USD72,685 thousand)	3,261,775 (USD106,368 thousand) (Note 6)	17,006,263 (USD554,582 thousand)

Note 6: Permitted capital increase from retained earnings included.
Note 7: The above investment amounts were translated based on the USD exchange rate at the reporting date, which was 30.6650.

The above investment income (losses) in mainland China were recognized base on the financial statements audited by the Corporation's auditors.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China for the year ended December 31, 2022, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Sun Favorite Co., Ltd.	57,206,078	5.16%

(14) Segment information:

For the details, please refer to the Corporation's consolidated financial statements for the year ended December 31, 2022.

6. List of the Impact on the Company's Financial Status due to Financial Difficulties Experienced by the Company and Its Related Companies: None.

Financial Position and the Review and Analysis of Financial Performance and Risk

1. Financial Position

Unit: NT$1,000

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	25,181,103	25,886,481	(705,378)	-2.72%
Property, plant and equipment	38,152,595	33,871,492	4,281,103	12.64%
Intangible Assets	0	0	0	0
Other Assets	6,676,782	6,682,352	(5,570)	-0.08%
Total Assets	70,010,480	66,440,325	3,570,155	5.37%
Current Liabilities	16,440,518	17,916,038	(1,475,520)	-8.24%
Non-current Liabilities	24,272,181	20,124,082	4,148,099	20.61%
Total Liabilities	40,712,699	38,040,120	2,672,579	7.03%
Capital	11,082,745	11,082,745	0	0.00%
Capital surplus	1,157,532	1,157,532	0	0.00%
Retained Earnings	17,556,812	16,650,197	906,615	5.45%
Other Equity interests	(1,453,317)	(1,636,282)	182,965	11.18%
Non-controlling interests	954,009	1,146,013	(192,004)	-16.75%
Total Equity	29,297,781	28,400,205	897,576	3.16%

Explanation for variance (if the variation is 20% or more and amounts exceeding the lower of 10,000 thousand):

1. The increase in non-current liabilities is mainly driven by an increase in long-term borrowings.

2. Financial Performance

Unit: NT$1,000

Item \ Year	2022	2021	Difference Amounts	Difference %
Operating revenue	43,921,728	44,986,090	(1,064,362)	-2.37%
Gross profit from operations	7,332,772	10,202,692	(2,869,920)	-28.13%
Operating income	1,657,593	4,574,407	(2,916,814)	-63.76%
Non-operating income and expenses	1,539,367	413,168	1,126,199	272.58%
Net income before income tax	3,196,960	4,987,575	(1,790,615)	-35.90%
Income tax expenses	(487,471)	(976,087)	488,616	-50.06%
Net Income from discontinued department	0	0	0	0
Net income	2,709,489	4,011,488	(1,301,999)	-32.46%
Other Comprehensive Income (Loss) (After-Tax)	718,627	(130,225)	848,852	651.83%
Total Comprehensive Income	3,428,116	3,881,263	(453,147)	-11.68%

Explanation for variance (if the variation is 20% or more and amounts exceeding the lower of 10,000 thousand):

1. The decrease in gross profit from operations and operating income are mainly driven by a decrease in operating revenue and an increase in operating costs.
2. The increase in non-operating income and expenses is mainly driven by an increase in interest income from delayed receipt of proceeds from disposal of subsidiaries, subsidize revenue from arbitration fees and reversal of expected credit losses.
3. The decrease in income tax expenses is mainly driven by an increase in deferred tax profit.
4. The decrease in net income before income tax and net income are mainly driven by a decrease in operating income and point 1 mentioned above.
5. The increase in other comprehensive income (loss) (after-tax), is mainly driven by an increase in the net actuarial gains and losses of the defined benefit plans and exchange differences on translation of foreign financial statements.

Sales Target 2023

The estimated sales volume of each product in 2023 has been calculated as per the sales forecast (as shown below) made at the end of 2022. Major factors affecting target achievement and sales growth include the strength of global economic recovery, the strength of domestic economic growth, and the price volatility in the overall supply chain brought by the pulp price.

Major products	Paper container (express in thousand m^2)	Paperboard (expressed in tonnes)	Paper (expressed in tonnes)
Sales volume	1,640,470	1,675,743	78,761

3. Cash Flow Analysis

(1) Analysis of short-term liquidity for the last two years

Year / Items	2022	2021	Increase (Decrease)(%)
Cash flow ratio	30%	21%	43%
Cash flow adequacy ratio	82%	76%	8%
Cash flow reinvestment ratio	3%	2%	50%

Analysis of increase/decrease ratios:

1. The increases in cash flow ratio and cash flow reinvestment ratio are mainly driven by an increase in net cash flow from operating activities.

(2) Analysis of cash flow for the next year

Unit: NT$1,000

Cash as of beginning of the year	Cash inflow from operating activities	Cash outflow for the whole year	cash surplus (inefficiency)	Projected countermeasures for the shortage of cash	
				Investment Plans	Financial Plans
7,361,090	1,933,190	787,030	8,507,250	-	-

A. Analysis of cash flow for this year:
- (a) Business activities: In terms of the supply and demand of markets, the industry develop maintains stable, and profit is thus expected. Therefore, the cash flow for business activities will increase in the next year.
- (b) Investment activities: In support of future organizational development, it is estimated that investment activities will continue, and bank financing will be the fund source where necessary.

B. Measures for insufficient cash and analysis for liquidity: Not applicable.

4. Material Capital Expenditures of the Most Recent Year and Impact on the Company's Financial Operations: NA

5. Re-investment Policies, Main Causes of Profit or Loss, and Improvement Plans in the Previous Year, and Investment Plans in the Next Year

1. Paper-related industries are the major targets of our re-investments. Apart from increasing investments in Taiwan, we have constantly expanded the overseas market in recent years. The gain from re-investment using the equity method in 2022 was NT$280,783thousand (consolidated profit: NT$220,483 thousand). In the next year, apart from continuing investments with the profit from overseas investments and assessing appropriate overseas markets, we will increase capital to expand the scale of investment in overseas investees.
2. In the next year, in addition to continuingly enhance the efficiency of paper machinery to raise market share, we will increase new paper machinery in mills and plants in

Southeast Asia and continue to increase paper container capacity to fully capture local business opportunities to achieve global operations and effectively respond to global leading customers. Therefore, we will continue our belief in “innovation, change and optimization” to create better performance together.

6. Risks Analysis and Assessment in the Previous Year and by the Date of Report Publication

I. The influence on organizational income of interest rate and exchange rate volatility and inflation and countermeasures:

As inflation continued to rise in 2022, monetary policies in major countries changed from quantitative easing to tight monetary policy in order to curb inflation. The interest rate is expected to remain high in 2023. The Company keeps abreast of interest rate changes on a regular basis and has maintained positive relations with banks to alleviate the impact of interest rate changes on the Company.

The influence of monetary policy changes of various countries also increases the difficulty of forecasting the exchange rate trends. To avoid the loss caused by exchange rate fluctuations, the Company pays foreign currency payables with foreign currency income and reduces exchange risks by means of natural hedging, while making up for the insufficient positions through currency exchange when appropriate, to reduce the impact of exchange rate fluctuation risks on the Company.

Since the COVID-19 pandemic and the Russo-Ukrainian War, the imbalance between supply and demand has led to rising inflation. The Company has a demand for importing bulk raw materials, and in order not to let inflation erode profits, it not only closely monitors market price fluctuations, but also maintains good interaction with the suppliers and customers and adjusts raw material inventories as well as selling prices to reflect costs whenever it is appropriate.

II. Policies, main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives investments:

CLC and subsidiaries focus on core business operations and do not engage in high-risk and high-leverage investments.

When engaging in endorsements, guarantees and lending, apart from careful assessment, we follow related laws and regulations promulgated by the FSC and make reference to the Endorsement and Guarantee SOP and Lending SOP, and timely disclose related information.

To avoid interest rate risks, we have signed a five-year-term NTD interest rate swap (IRS) agreement with banks.

III. Future R&D projects and planned R&D funds:

Units	Future R&D Projects	Current Status	Estimated Fund Investment	Time of Completion for Mass Production	Major factors affecting future R&D success
Technology Department, Tayuan Mill	Co-firing fly ash with recycled aggregates Reclamation and construction project in Changhua Coastal Industrial Park	Lab assessment	7.5 million Phase 1	December 31, 2023	Reducing the cost of handling ash
Chemica Research Center	Development of substitute materials of BM10 dry strength agent	Lab assessment and machinery test	2 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Development of substitute materials of BM10 amylase	Machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Evaluation of BM10 amphoteric starch	Machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Development of substitute materials of BM10 aluminum sulfate	Machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Addition and Optimization of BM5 wet-end system chemicals	Lab assessment and machinery test	3 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Addition and Optimization of BM7 wet-end system chemicals	Lab assessment and machinery test	3 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Development of chemicals increasing the strength of coated paper	Lab assessment and machinery test	2 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Addition and Optimization of BM9 wet-end system chemicals	Lab assessment and machinery test	3 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	White water system odor control	Machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Development of defoaming agents for wastewater treatment plants	Machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Development of paper carrier bags	Lab assessment and test	3 million	December 31, 2023	Mastering of formula characteristics and processing characteristics

Units	Future R&D Projects	Current Status	Estimated Fund Investment	Time of Completion for Mass Production	Major factors affecting future R&D success
	Development of agricultural plastic mulch paper	Lab assessment and test	3 million	December 31, 2023	Mastering of formula characteristics and processing characteristics
	Improvement of the softness and the feeling of environmentally friendly toilet tissue	Machinery test evaluation	1 million	December 31, 2023	Adjustment and application of chemicals, paper machines, and processing equipment, as well as cost control
	Development of household detergents	Search for OEM and sample development	2 million	December 31, 2023	Quality control and end-consumers' acceptability of products
	Development of personal detergents	Search for OEM and sample development	2 million	December 31, 2023	Quality control and end-consumers' acceptability of products
	Development of adult diaper	Sample trial	1 million	December 31, 2023	Quality control and end-consumers' acceptability of products
	Development of differentiated household paper products	Machinery test and consumer trial	3 million	December 31, 2023	Cost control and end-consumers' acceptability of products
	Development of packaging of household paper and product paper	Machinery test evaluation	2 million	December 31, 2023	Mastering and application of the effect of chemicals and processing equipment, as well as cost control
	Optimization of quality of Bristol paper & household paper products	Lab assessment	2 million	December 31, 2023	Quality and cost control
	Addition and Optimization of TM11 wet-end system chemicals	Lab assessment and machinery test	2 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Optimization of TM15 retention system	Lab assessment and machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Optimization of BM13 wet-end system	Lab assessment and machinery test	1 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	Optimization of BM13 coating system chemicals	Lab assessment and machinery test	2 million	December 31, 2023	Mastering of the effect of chemicals and cost control

Units	Future R&D Projects	Current Status	Estimated Fund Investment	Time of Completion for Mass Production	Major factors affecting future R&D success
	Improvement of Bristol paper powdering issues	Lab assessment and machinery test	1 million	December 31, 2023	Mastering and application of the effect of chemicals and equipment
	Optimization of DIP & extrusion laminating and pulp production line system	Lab assessment and machinery test	2 million	December 31, 2023	Mastering and application of the effect of chemicals and equipment, as well as cost control
	Optimization of BM1 & 2 coating system chemicals	Lab assessment and machinery test	3 million	December 31, 2023	Mastering of the effect of chemicals and cost control
	UBC pulp mildew-proofing and deodorization evaluation	Machinery test evaluation	2 million	December 31, 2023	Mastering and application of the effect of chemicals and equipment
	Optimization of chemical usage amount for the process of pulp board line at Plant C	Lab assessment and machinery test	2 million	December 31, 2023	Mastering and application of the effect of chemicals and equipment, as well as cost control
	Academia and industry collaboration with National Chung Hsing University	Lab assessment	5 million	August 31, 2023	Mastering and exploration of application of effects
	New product development patent application	Patent application	1 million	December 31, 2023	Protection of the Company's intellectual property rights
	Establishment of a new sanitary product laboratory	Space & facilities planning	70 million	December 31, 2023	Progress of procurement & construction, equipment construction & procurement
Total	136.5 million				

IV. The influence of significant changes in policies and laws at home or abroad on finance and operations and countermeasures:

Significant changes in policies and laws at home or abroad in recent times have no significant influence on organizational finance and operations. In the future, we will constantly gather related information and discuss necessary countermeasures to meeting the Company's operational needs.

V. The influence of technology and industry changes (including cyber security risks) on finance and operations and countermeasures:

We have been in the paper industry for over 60 years and have developed mature technology for making papers and paper containers. In addition, as the quality and operation skills of machinery are key to success, no major technology improvement and cyber security risks have been implemented in the previous year and there is no influence on this Company.

VI. The influence of market presence change on crisis management and countermeasures:

We have long been engaged in environmental protection and have developed an eco-friendly image to effectively reduce and eliminate the influence of environmental issues on business operations.

VII. The expected benefits and potential risks of mergers and acquisitions: NA

VIII. The expected benefits, potential risks and countermeasures of factory expansion:

Currently, the Company has a number of domestic investment projects which have been completed or are in progress: the biogas power generation system (19 million kWh generated per year) at Tayuan Mill has been in operation in the fourth quarter of 2022. While the commissioning of the recycled bleached pulp line (66,000 tons of production per year), which will meet the raw material demands of white top linerboard and eco-friendly toilet paper production in the future, and the largest high-efficiency biomass boiler in Taiwan (126 million kWh generated per year) at Chupei Mill will be commercialized by the first half of 2023. All of which will make the Company more cost-competitive in the Taiwanese market and enhancing the corporate sustainability image of recycling green energy, low-carbon production, and emission reduction. Internationally, the second-phase containerboard production line of Cheng Loong Binh Duong Paper Co., Ltd. (BM22 with an annual production capacity of 400,000 tons and the total production capacity will reach 700,000 tons in Vietnam) will be in operation in the first half of 2023, and the third-phase containerboard production line is under active planning. Bac Giang Plant and Ben Cat Plant (both with an annual production capacity of 120 million square meters) will also be commissioned in the first half of 2023. With the completion of the first and second phases of the Cheng Loong Binh Duong Paper Co., Ltd., the Company will be able to achieve integrated production of papermaking and corrugated container converting in the Vietnamese market, and will also be able to market corrugating medium and linerboard together to strengthen market expansion, fully utilizing production capacity and actively consuming self-use base paper to maximize the Group's operation synergy.

We carefully assess major factory expansion projects with professionals to fully consider the investment benefits and potential risks.

IX. The potential risk and countermeasures of procurement or sales centralization: NA

X. The influence and risk from the share transfer and change from the company directors, supervisors, and major stockholders who hold over 10% of the company shares: None.

XI. The influence and risk from the change of company management: None.

XII. Litigation or Non-litigation Matters:

I. The Board of Directors of Winvantage Corporation, a subsidiary of the Company, resolved on January 16, 2018, to sell its equity in Ever Onward Corporation, a 100% owned reinvested company, and Hong Kong Chung Loong Co., Ltd. and Shanghai Chung Loong Paper Co., Ltd., Ever Onward's 100% owned reinvested company, to Sinobird Holding Limited and Hybest (BVI) Company Limited, wholly-funded subsidiaries of China Vanke Co., Ltd., with Vanke Real Estate (Hong Kong) Co., Ltd. as the guarantor of the vendees. The basic consideration for this equity transaction was RMB1,310,000,000. The transaction was registered and the gain on disposal was recognized in the first quarter of 2018.

II. RMB1,048,000,000, or 80% of the total price, was received in accordance with the terms of the transaction, but the vendees failed to pay the third and fourth installments and the settlement payment in accordance with the Share Sale and Purchase Agreement ("the Agreement), and filed an application for arbitration with the Hong Kong International Arbitration Centre together with its guarantor on January 31, 2019, claiming that the Agreement should be null and void and be rescinded; Winvantage Corporation filed a counter-claim that the vendees and their guarantor should pay the third and fourth installments and the interest of default.

III. After more than three years of complex proceedings, the arbitration tribunal issued a final award on the part of the arbitration on April 13, 2022, dismissing the claimant's request for arbitration and ruling that the vendees and their guarantor shall be jointly and severally liable for the performance of the Agreement. On May 19, 2022, the vendees then paid the third and fourth installments and the settlement amount of RMB289,282,193.26 in full, plus the interest of default of RMB177,204,306.49. After deducting the tax withheld by the vendees of RMB18,239,724.10, the actual amount received by Winvantage Corporation was RMB448,246,775.65 (equivalent to US$66,484,741.50), i.e., the full transaction amount was recovered.

IV. On July 25, 2022, the arbitration tribunal issued the final award, which ruled that the vendees and their guarantor shall pay arbitration fees of US$3,040,476.65, RMB400,000, and HK$4,727,458 to Winvantage Corporation for the lawyers, expert witnesses, and the arbitration tribunal. On August 4, 2022, the vendees paid these amounts in the respective currencies, together with interest of RMB60,449.43, all of which were received in full by Winvantage Corporation, which further converted the aforementioned amounts denominated in RMB and HKD to USD, resulting in a total receipt of US$3,710,072.09. The Company has recognized the gain on disposal based on actual collection adjustments.

V. On September 30, 2022, the vendees completed the filing and payment procedures for the income tax withheld of RMB18,239,724.10 in accordance with the law, and Winvantage Corporation obtained the scanned copy of the bill to close the accounts on November 16, 2022. The purchase price, arbitration fees, and deferred interest have been settled and the tax guarantee period has expired; thus, the legal and tax matters arising from this equity transaction have all been settled.

XIII. Other important risks and countermeasures:

The following risk management operations for 2022 were reported to the Board of Directors on December 22, 2022:

1. In compliance with the “Risk Management Policy and Procedure” of the Company, senior management will discuss relevant issues at the monthly regular meetings to implement risk management decisions.
2. In response to rising information security risks and implementation of information security management, the Company has been improving information security software and hardware, has established a centralized unit for information security and the position of Chief Information Security Officer to coordinate the execution of cross-departmental information security management. It has also been promoting the information security concepts on the Company’s entrance website to enhance employees’ information security awareness. In 2023, the budget for information security will continue to increase, and related expenditures will double compared to those of last year, strengthening the Company’s information security efforts.
3. In order to reduce operational risks, an “Intellectual Property Management Plan” has been drafted to protect the Company’s research and development results, and the implementation status for the current year will be reported to the Board of Directors.
4. The Office of Climate Change and Circular Economy has been established to strengthen climate governance and enhance the management of climate change risks.

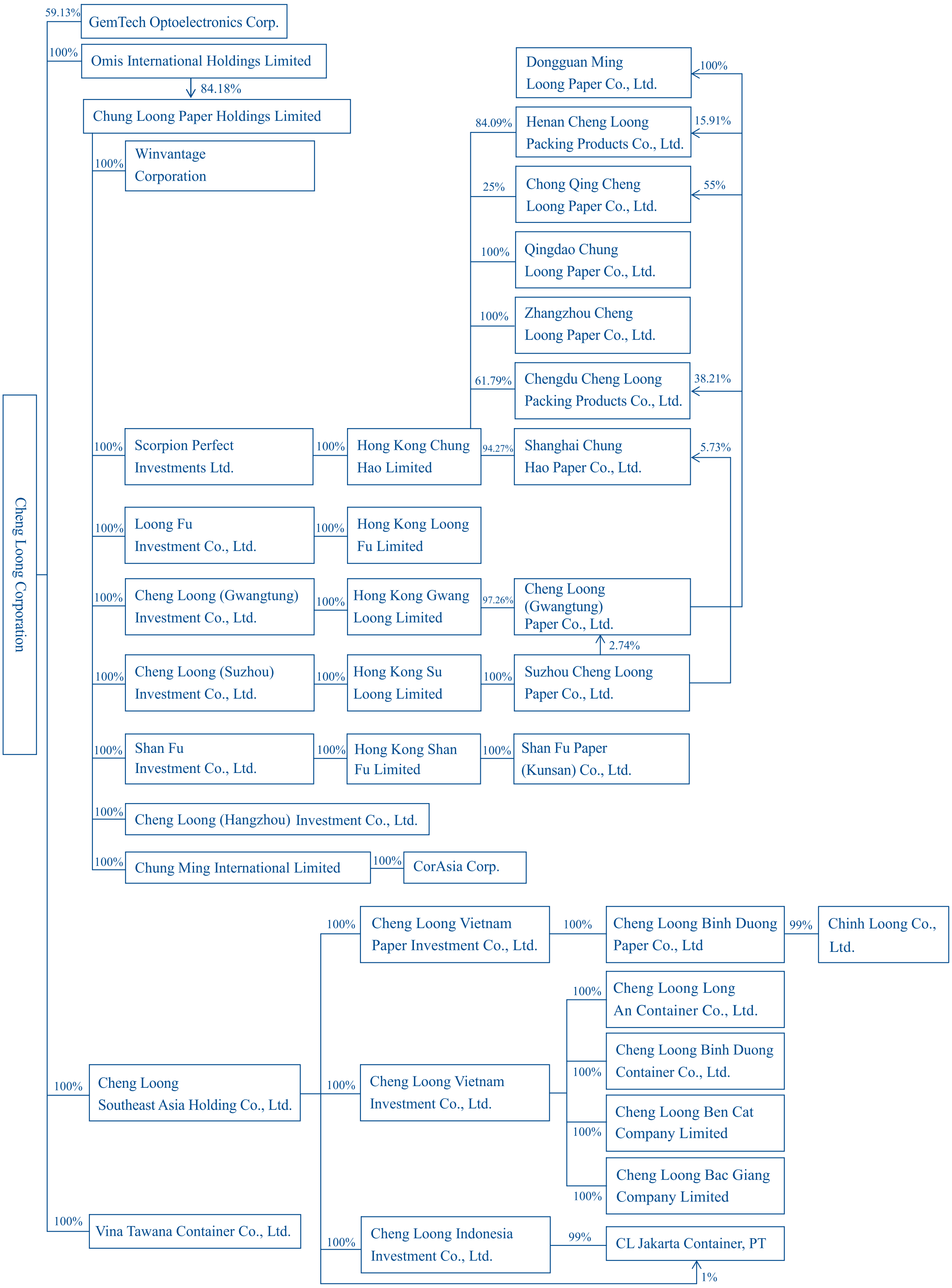
7. Other Material Items: None.

Special Disclosures

1. Affiliate Information

(1) Consolidated Operation Report

A. Affiliated Companies Chart



B. Basic Information of Affiliated Companies:

Company Name	Establish Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
GemTech Optoelectronics Corp.	October 29, 1999	No. 5-2, Jilin Rd., Zhongli Dist., Taoyuan City	188,870	Manufacture and Installation of Electronic Components, Optical Instruments, Glass Products, and Precision Instruments
Vina Tawana Container Co., Ltd.	May 06, 2004	Nhon Trach III Industrial Zone, Long Tho Village, Nhon Trach Districts, Dong Nai Province, Vietnam	USD 22,000	Manufacture and Sale of Corrugated Cardboard, Kraft Linerboard and Display Boxes
Omis International Holdings Limited	June 15, 2001	Intershore Chambers, P.O.Box 4342, Road Town, Tortola, British Virgin Islands	USD 13,586	Investment
Cheng Loong Southeast Asia Holding Co., Ltd.	September 04, 2008	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 341,620	Investment
Chung Loong Paper Holdings Limited	August 03, 2007	P.O.Box 61, 3rd Floor, Harbour Centre, North Church Street, Grand Cayman, KY1-1102, Cayman Islands.	USD 26,815	Investment
Scorpion Perfect Investments Ltd.	June 15, 2001	Intershore Chambers, P.O.Box 4342, Road Town, Tortola, British Virgin Islands	USD 60,078	Investment
Winvantage Corporation	August 01, 2002	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 1	Investment
Shan Fu Investment Co., Ltd.	January 29, 2003	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 14,083	Investment
Cheng Loong (Suzhou) Investment Co., Ltd.	May 07, 2004	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 19,500	Investment
Cheng Loong (Hangzhou) Investment Co., Ltd.	November 25, 2005	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 10	Investment
Cheng Loong (Gwangtung) Investment Co., Ltd.	April 28, 2006	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 30,150	Investment
Loong Fu Investment Co., Ltd.	December 02, 2005	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 8,500	Investment
Chung Ming International Limited	September 03, 2007	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 1,000	Investment
Hong Kong Chung Hao Limited	November 13, 2007	11/F, Times Tower, 391-407 Jaffe Road, Causeway Bay, Hong Kong	HKD 0.001	Investment
Shanghai Chung Hao Paper Co., Ltd.	September 11, 2001	No. 399, Xiupu Road, Pudongxin District, Shanghai City	USD 21,800	Paper Containers,Household Papers and Core Papers
Zhangzhou Cheng Loong Paper Co.,Ltd.	January 14, 2010	Guanshan Industry District, Wuan Town, Changtai County, Zhangzhou City	USD 13,780	Cardboard, Paper Boxes and Paper Products
Qingdao Chung Loong Paper Co.,Ltd.	January 07, 2010	No. 144, Taiguang Road, Jiangshan Town, Laixi City, Qingdao City, Shandong Province	USD 4,000	Cardboard, Paper Boxes and Paper Products
Hong Kong Shan Fu Limited	November 13, 2007	11/F, Times Tower, 391-407 Jaffe Road, Causeway Bay, Hong Kong	HKD 0.001	Investment
Shan Fu Paper (Kunsan) Co., Ltd.	May 16, 2003	No. 98, Guilin Road, Baoshui District, Zonghe, Kunshan City, Jiangsu Province	USD 14,000	Corrugated Paper Boxes, Cardboard and Paper Products
Hong Kong Su Loong Limited	November 13, 2007	11/F, Times Tower, 391-407 Jaffe Road, Causeway Bay, Hong Kong	HKD 0.001	Investment
Suzhou Cheng Loong Paper Co., Ltd.	July 26, 2004	No. 162, Taishan Road, Gaoxin District, Suzhou, Jiangsu Province	USD 18,500	Cardboard

Company Name	Establish Date	Address	Paid-in capital Unit: In Thousands	Main Business Items
Hong Kong Gwang Loong Limited	November 13, 2007	11/F, Times Tower, 391-407 Jaffe Road, Causeway Bay, Hong Kong	USD 39,150	Investment
Cheng Loong (Gwangtung) Paper Co., Ltd.	December 20, 2006	No. 3, Houjie Dongyie Road, Houjie Town, Dongwan City, Gwangtung Province	USD 31,000	Cardboard, Paper Boxes, and Paper Products and Packing Decoration Printing
Hong Kong Loong Fu Limited	November 13, 2007	11/F, Times Tower, 391-407 Jaffe Road, Causeway Bay, Hong Kong	USD 8,500	Investment
CorAsia Corp.	June 24, 2008	363 Fairview Way Milpitas, CA 95035 USA	USD 550	Design of Paper Boxes
Dongguan Ming Loong Paper Co., Ltd.	September 04, 2009	1/F, No. 3, Houjie Dongyie Road, Houjie Town, Dongwan City, Gwangtung Province	USD 2,542	Corrugated Cardboard, Corrugated Boxes, Paper Pallets and Paper Products
Chengdu Cheng Loong Packing Products Co., Ltd.	December 22, 2010	No. 1, Tengfei 11 Road, Southwest Air Harbor Development Economic Zone, Shuangliu District, Chengdu City, Sichuan Province	USD 4,046	Corrugated Cardboard, Corrugated Boxes, Paper Pallets and paper products
Chong Qing Cheng Loong Paper Co., Ltd.	October 26, 2010	Block B-14-01-1, Yin Bao Base, B District, Luohuang Industrial Park, Jiangjin District, Chongqing City	USD 13,500	Corrugated Cardboard, Corrugated Boxes, Display Boxes, Paper Pallets and Paper Products, Lease of Self-Owned Plants
Henan Cheng Loong Packing Products Co., Ltd.	November 28, 2012	Northeast intersection Of Xixiang Road And Fuyuan Road, Weishi County, Kaifeng City, Henan Province	USD 9,990	Corrugated Cardboard, Corrugated Boxes, Paper Box and Paper Products
Cheng Loong Vietnam Investment Co., Ltd.	September 04, 2008	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 72,510	Investment
Cheng Loong Indonesia Investment Co., Ltd.	May 20, 2011	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 990	Investment
CL Jakarta Container, PT	December 15, 2011	Gedung One Pacific Place Level 11 Jalan Jendral Sudirman Kaveling 52-53 Kelurahan Senayan, Kecamatan Kebayoran Baru Jakarta Selatan, Indonesia	USD 1,000	Cardboard and Paper Products
Cheng Loong Vietnam Paper Investment Co., Ltd.	November 13, 2014	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 270,000	Investment
Cheng Loong Binh Duong Container Co., Ltd.	November 24, 2008	Lot Cn8, Road N6, Song Than 3 Industrial Zone, Phu Tan Ward, Thu Dau Mot City, Binh Duong.	USD 22,000	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes
Cheng Loong Binh Duong Paper Co., Ltd.	December 04, 2015	Zone No. 4, Protrade International Tech Park, An Tay Ward, Ben Cat District, Binh Duong Province, Vietnam	USD 270,003	Manufacture of Industrial and Household Paper
Cheng Loong Long An Container Co., Ltd.	June 08, 2016	Lot A2 and A3-1, Street No. 2, Phu An Thanh Industrial Park, An Thanh Ward, Ben Luc district, Long An Provinece, Vietnam	USD 27,000	Manufacture and Sale of Corrugated Boxes
Chinh Loong Co., Ltd.	February 08, 2017	Land plot No. 301, Map sheet No. 19, Dong Soi Hamlet, An Tay Commune, Ben Cat Town, Binh Duong Province, Vietnam	VND 30,000,000	Water treatment, Wastewater treatment, maintenance and technical repairmen
Cheng Loong Bac Giang Company Limited	December 31, 2019	Lot H (H-01), Quang Chau Industrial Park, Quang Chau Commune, Viet Yen District, Bac Giang Province, Vietnam	USD 18,000	Manufacture and Sale of Corrugated Paper Boxes, Kraft Linerboard, and Display Boxes
Cheng Loong Ben Cat Company Limited	May 26, 2021	Lot 4 Protrade International Tech Park Industrial Zone, An Tay, Ben Cat, Binh Duong Province, Vietnam	USD 12,000	Manufacture and Sale of Corrugated Boxes

C. Directors, Supervisors and Presidents of Affiliated Companies

Company Name	Title	Name or Representative	Shareholding	
			Shares (Unit: 1,000 shares)	%
GemTech Optoelectronics Corp.	Chairperson	Su-Yun Cheng	240	1.27
	Director	Cheng Loong Corp. Rep.	11,167	59.13
		Tong-Ho Tsai	80	0.42
		Zhen Lu		
		Nian-Qing Huang	130	0.69
	Supervisor	Shan-Loong Transportation Co., Ltd. Rep.	3,644	19.29
		Xin-Chong Lu	158	0.84
	Supervisor	Shine Far Construction Co., Ltd. Rep.	1,200	6.35
		Ching-Huei Yu		
	President	Nien-Qing Huang	130	0.69
Vina Tawana Container Co., Ltd.	Chairperson	Cheng Loong Corp. Rep	Paid-in capital USD2,200 (ten thousand)	100
		Tseng-Fu Hou		
	President	Jie-Yang Chen		
Omis International Holdings Limited	Director	Cheng Loong Corp. Rep	13,586	100
		Jen-Ming Cheng		
Cheng Loong Southeast Asia Holding Co.,Ltd.	Director	Cheng Loong Corp. Rep	341,620	100
		Jen-Ming Cheng		
Chung Loong Paper Holdings Limited	Director	Omis International Holdings Ltd. Rep.	22,574	84.18
		Jen-Ming Cheng, Tseng-Fu Hou, Tai-Lang Ho		
Scorpion Perfect Investments Ltd.	Director	Chung Loong Paper Holdings Limited Rep.	60,078	100
		Ching-Huei Yu		
Winvantage Corporation	Director	Chung Loong Paper Holdings Limited Rep.	1	100
		Ching-Huei Yu		
Shan Fu Investment Co., Ltd.	Director	Chung Loong Paper Holdings Limited Rep.	14,083	100
		Ching-Huei Yu		
Cheng Loong (Suzhou) Investment Co., Ltd.	Director	Chung Loong Paper Holdings Limited Rep.	19,500	100
		Ching-Huei Yu		
Cheng Loong (Hangzhou) Investment Co., Ltd.	Director	Chung Loong Paper Holdings Limited Rep.	10	100
		Tai-Lang Ho		
Cheng Loong (Gwangtung) Investment Co., Ltd.	Director	Chung Loong Paper Holdings Limited Rep.	30,150	100
		Tai-Lang Ho		
Loong Fu Investment Co., Ltd.	Director	Chung Loong Paper Holdings Limited Rep.	8,500	100
		Ching-Huei Yu		
Chung Ming International Limited	Director	Chung Loong Paper Holdings Limited Rep.	1,000	100
		Ching-Huei Yu, Tai-Lang Ho		
Hong Kong Chung Hao Limited	Director	Scorpion Perfect Investments Ltd. Rep.	Paid-in capital USD5,885 (ten thousand)	100
		Ching-Huei Yu		

Company Name	Title	Name or Representative	Shareholding	
			Shares (Unit: 1,000 shares)	%
Shanghai Chung Hao Paper Co., Ltd.	Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD2,055 (ten thousand)	94.27
		Suzhou Cheng Loong Paper Co., Ltd. Rep.	Paid-in capital USD125 (ten thousand)	5.73
		Tseng-Fu Hou		
	Director	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD2,055 (ten thousand)	94.27
		Suzhou Cheng Loong Paper Co., Ltd. Rep.	Paid-in capital USD125 (ten thousand)	5.73
		Yi-Zhi Yu, Yong-Song Lai		
	Supervisor	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD2,055 (ten thousand)	94.27
		Suzhou Cheng Loong Paper Co., Ltd. Rep.	Paid-in capital USD125 (ten thousand)	5.73
		Kun-Ming Yang		
	President	Tseng-Fu Hou		
Zhangzhou Cheng Loong Paper Co.,Ltd.	Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD1,378 (ten thousand)	100
		Tseng-Fu Hou		
	Director	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD1,378 (ten thousand)	100
		Yong-Song Lai, Xin-Yue Dai		
	Supervisor	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD1,378 (ten thousand)	100
		Tai-Lang Ho		
	President	Tseng-Fu Hou		
Qingdao Chung Loong Paper Co., Ltd.	Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD400 (ten thousand)	100
		Tseng-Fu Hou		
	Director	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD400 (ten thousand)	100
		Yong-Song Lai, Yi-Zhi Yu		
	Supervisor	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD400 (ten thousand)	100
		Sheng-Fu Jiang		
	President	Tseng-Fu Hou		
Hong Kong Shan Fu Limited	Director	Shan Fu Investment Co., Ltd. Rep.	Paid-in capital USD1,408 (ten thousand)	100
		Tai-Lang Ho		

Company Name	Title	Name or Representative	Shareholding	
			Shares (Unit: 1,000 shares)	%
Shan Fu Paper (Kunsan) Co., Ltd.	Chairperson	Hong Kong Shan Fu Limited Rep.	Paid-in capital USD1,400 (ten thousand)	100
		Tseng-Fu Hou		
	Director	Hong Kong Shan Fu Limited Rep.	Paid-in capital USD1,400 (ten thousand)	100
		Yi-Zhi Yu, Yong-Song Lai		
	Supervisor	Siou-Cai Qiu		
	President	Tseng-Fu Hou		
Hong Kong Su Loong Limited	Director	Cheng Loong (Suzhou) Investment Co., Ltd. Rep.	Paid-in capital USD1,850 (ten thousand)	100
		Tai-Lang Ho		
Suzhou Cheng Loong Paper Co., Ltd.	Chairperson	Hong Kong Su Loong Limited Rep.	Paid-in capital USD1,850 (ten thousand)	100
		Tseng-Fu Hou		
	Director	Hong Kong Su Loong Limited Rep.	Paid-in capital USD1,850 (ten thousand)	100
		Yong-Song Lai, Yi-Zhi Yu		
	Supervisor	Tai-Lang Ho		
	President	Tseng-Fu Hou		
Hong Kong Gwang Loong Limited	Director	Cheng Loong (Gwangtung) Investment Co., Ltd. Rep.	Paid-in capital USD3,915 (ten thousand)	100
		Tai-Lang Ho		
Cheng Loong (Gwangtung) Paper Co., Ltd.	Chairperson	Hong Kong Gwang Loong Limited Rep.	Paid-in capital USD3,015 (ten thousand)	97.26
		Suzhou Cheng Loong Paper Co., Ltd. Rep.	Paid-in capital USD85 (ten thousand)	2.74
		Tseng-Fu Hou		
	Director	Hong Kong Gwang Loong Limited Rep.	Paid-in capital USD3,015 (ten thousand)	97.26
		Suzhou Cheng Loong Paper Co., Ltd. Rep.	Paid-in capital USD85 (ten thousand)	2.74
		Xin-Yue Dai, Kun-Ming Yang		
	Supervisor	Hong Kong Gwang Loong Limited Rep.	Paid-in capital USD3,015 (ten thousand)	97.26
		Suzhou Cheng Loong Paper Co., Ltd. Rep.	Paid-in capital USD85 (ten thousand)	2.74
		Siou-Cai Qiu		
	President	Tseng-Fu Hou		
Hong Kong Loong Fu Limited	Director	Loong Fu Investment Co., Ltd. Rep.	Paid-in capital USD850 (ten thousand)	100
		Tai-Lang Ho		

Company Name	Title	Name or Representative	Shareholding	
			Shares (Unit: 1,000 shares)	%
CorAsia Corp.	Director	Sheng-Fu Chinag	Paid-in capital USD55 (ten thousand)	100
Dongguan Ming Loong Paper Co., Ltd.	Chairperson	Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD254.2 (ten thousand)	100
		Tseng-Fu Hou		
	Director	Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD254.2 (ten thousand)	100
		Yong-Song Lai, Xin-Yue Dai		
	Supervisor	Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD254.2 (ten thousand)	100
		Sheng-Fu Jiang		
	President	Tseng-Fu Hou		
Chengdu Cheng Loong Packing Products Co., Ltd.	Executive Director	Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD154.6 (ten thousand)	38.21
		Hong Kong Chung Hao Limited Rep.	Paid-in capital USD250 (ten thousand)	61.79
		Tseng-Fu Hou		
	Supervisor	Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD154.6 (ten thousand)	38.21
		Hong Kong Chung Hao Limited Rep.	Paid-in capital USD250 (ten thousand)	61.79
		Siou-Cai Qiu		
	President	Tseng-Fu Hou		
Chong Qing Cheng Loong Paper Co., Ltd.	Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD337.5(ten thousand)	25
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD742.5(ten thousand)	55
		Tseng-Fu Hou		
	Vice Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD337.5 (ten thousand)	25
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD742.5 (ten thousand)	55
		Xin-Yue Dai		
	Director	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD337.5 (ten thousand)	25
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD742.5 (ten thousand)	55
		Tai-Lang Ho, Kun-Ming Yang		
		HUST CNC Co., Ltd. Rep.		
		Jiong Chen		

Company Name	Title	Name or Representative	Shareholding	
			Shares (Unit: 1,000 shares)	%
	Supervisor	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD337.5 (ten thousand)	25
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD742.5 (ten thousand)	55
		Jing-Dong Wu		
		HUST CNC Co., Ltd. Rep.		
		Yu Cheng		
	President	Tseng-Fu Hou		
Henan Cheng Loong Packing Products Co., Ltd	Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD840 (ten thousand)	84.09
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD159 (ten thousand)	15.91
		Tseng-Fu Hou		
	Vice Chairperson	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD840 (ten thousand)	84.09
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD159 (ten thousand)	15.91
		Xin-Yue Dai		
	Director	Hong Kong Chung Hao Limited Rep.	Paid-in capital USD840 (ten thousand)	84.09
		Cheng Loong (Gwangtung) Paper Co., Ltd. Rep.	Paid-in capital USD159 (ten thousand)	15.91
		Yong-Song Lai		
	Supervisor	Siou-Cai Qiu		
	President	Tseng-Fu Hou		
Cheng Loong Vietnam Investment Co., Ltd.	Director	Cheng Loong Southeast Asia Holding Co., Ltd. Rep.	72,510	100
		Jen-Ming Cheng		
Cheng Loong Vietnam Paper Investment Co., Ltd.	Director	Cheng Loong Southeast Asia Holding Co., Ltd. Rep.	270,000	100
		Tong-Ho Tsai		
Cheng Loong Indonesia Investment Co., Ltd.	Director	Cheng Loong Southeast Asia Holding Co., Ltd. Rep.	990	100
		Jen-Ming Cheng		
CL Jakarta Container, PT	Director	Cheng Loong Southeast Asia Holding Co., Ltd. Rep.	10	1
		Cheng Loong Indonesia Investment Co., Ltd. Rep.	990	99
		Gui-Sheng Chang		
Cheng Loong Binh Duong Container Co., Ltd.	Chairperson	Cheng Loong Vietnam Investment Co., Ltd. Rep.	Paid-in capital USD2,200 (ten thousand)	100
		Tseng-Fu Hou		
	President	Jie-Yang Chen		

Company Name	Title	Name or Representative	Shareholding	
			Shares (Unit: 1,000 shares)	%
Cheng Loong Binh Duong Paper Co., Ltd.	Chairperson	Cheng Loong Vietnam Paper Investment Co., Ltd. Rep.	Paid-in capital USD27,000.3 (ten thousand)	100
		Jung-Jeng Lin		
	President	Jung-Jeng Lin		
Cheng Loong Long An Container Co., Ltd.	Chairperson	Cheng Loong Vietnam Investment Co., Ltd. Rep.	Paid-in capital USD2,700 (ten thousand)	100
		Jen-Ming Cheng		
	President	Chen-Ho Tsai		
Chinh Loong Co., Ltd	Chairperson	Cheng Loong Binh Duong Paper Co., Ltd Rep.	Paid-in capital VND 2,616,867 (ten thousand)	99
		Jung-Jeng Lin		
	President	Jung-Jeng Lin		
Cheng Loong Bac Giang Company Limited	Chairperson	Cheng Loong Vietnam Investment Co., Ltd. Rep.	Paid-in capital USD1,800 (ten thousand)	100
		Tseng-Fu Hou		
	President	Jie-Yang Chen		
Cheng Loong Ben Cat Company Limited	Chairperson	Cheng Loong Vietnam Investment Co., Ltd. Rep.	Paid-in capital USD1,200 (ten thousand)	100
		Tseng-Fu Hou		
	President	Jie-Yang Chen		

D. Summarized Operation Results of Affiliated Enterprises

Unit: NT$1,000

Company Name	Paid-in capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating profit or loss	Net Income	Earning Per Share (NT$)
GemTech Optoelectronics Corp.	188,870	431,411	51,835	379,576	221,300	18,857	36,765	1.95
Vina Tawana Container Co., Ltd.	674,630	795,398	147,853	647,545	1,758,024	175,078	139,058	NA
Omis International Holdings Limited	416,615	4,874,766	0	4,874,766	0	(180)	998,667	73.51
Cheng Loong Southeast Asia Holding Co., Ltd.	10,475,777	6,826,148	12	6,826,136	0	(65)	(1,098,307)	(3.21)
Chung Loong Paper Holdings Limited	822,282	5,682,242	103,966	5,578,276	0	(4,561)	1,185,637	44.21
Scorpion Perfect Investments Ltd.	1,842,292	1,529,073	0	1,529,073	0	(87)	(153,169)	(2.55)
Winvantage Corporation	31	2,636	0	2,636	0	(2,734)	1,185,042	1,185,042
Shan Fu Investment Co., Ltd.	431,855	742,186	0	742,186	0	(36)	4,565	0.32
Cheng Loong (Suzhou) Investment Co., Ltd.	597,968	179,907	0	179,907	0	(35)	(122,064)	(6.26)
Cheng Loong (Hangzhou) Investment Co., Ltd.	307	8,306	36,340	(28,034)	0	815	542	54.20
Cheng Loong (Gwangtung) Investment Co., Ltd.	924,550	1,434,152	120	1,434,032	0	(58)	(8,018)	(0.27)
Loong Fu Investment Co., Ltd.	260,653	324,213	228	323,985	0	0	3,287	0.39
Chung Ming International Limited	30,665	3,038,586	1,736,951	1,301,635	6,731,651	167,177	267,311	267.31
Hong Kong Chung Hao Limited	0.004	2,073,706	550,297	1,523,409	59,318	6,081	(153,081)	NA
Shanghai Chung Hao Paper Co., Ltd.	668,497	1,633,524	320,429	1,313,095	474,403	(142,587)	(77,815)	NA
Zhangzhou Cheng Loong Paper Co., Ltd.	422,564	294,014	230,442	63,572	231,908	(44,715)	(60,583)	NA
Qingdao Chung Loong Paper Co., Ltd.	122,660	51,580	43,093	8,487	13,200	(5,755)	(6,732)	NA
Hong Kong Shan Fu Limited	0.004	1,624,971	903,732	721,239	1,868,127	(31,156)	4,480	NA
Shan Fu Paper (Kunsan) Co., Ltd.	429,310	932,545	165,198	767,347	506,457	40,757	42,121	NA
Hong Kong Su Loong Limited	0.004	171,651	0	171,651	0	0	(122,079)	NA
Suzhou Cheng Loong Paper Co., Ltd.	567,303	739,261	567,622	171,639	713,682	(78,419)	(122,079)	NA
Hong Kong Gwang Loong Limited	1,200,535	1,569,231	245,425	1,323,806	1,261,208	15,715	(7,962)	NA
Cheng Loong (Gwangtung) Paper Co., Ltd.	950,615	1,851,739	932,735	919,004	944,979	17,486	(25,717)	NA
Hong Kong Loong Fu Limited	260,653	324,328	118	324,210	0	(308)	3,287	NA
CorAsia Corp.	16,866	18,593	70	18,523	6,900	2,014	2,029	NA
Dongguan Ming Loong Paper Co., Ltd.	77,950	643,274	430,131	213,143	969,883	24,280	11,955	NA

Company Name	Paid-in capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating profit or loss	Net Income	Earning Per Share (NT$)
Chengdu Cheng Loong Packing Products Co., Ltd	124,071	413,152	68,686	344,466	300,721	33,980	31,227	NA
Chong Qing Cheng Loong Paper Co., Ltd.	413,978	310,792	723,717	(412,925)	0	(32,897)	(66,754)	NA
Henan Cheng Loong Packing Products Co., Ltd.	306,343	195,745	151,819	43,926	0	(20,096)	(25,522)	NA
Cheng Loong Vietnam Investment Co., Ltd.	2,223,519	2,007,621	0	2,007,621	0	(45)	(15,634)	(0.22)
Cheng Loong Indonesia Investment Co., Ltd.	30,358	766	280	486	0	(314)	(320)	(0.32)
CL Jakarta Container, PT	30,665	134	0	134	0	(5)	(4)	NA
Cheng Loong Vietnam Paper Investment Co., Ltd.	8,279,550	4,863,484	46,552	4,816,932	0	(2,017)	(1,082,318)	(4.01)
Cheng Loong Binh Duong Container Co., Ltd.	674,630	1,015,946	233,394	782,552	2,292,989	122,803	81,105	NA
Cheng Loong Long An Container Co., Ltd.	827,955	1,067,679	595,791	471,888	1,094,868	2,439	(35,655)	NA
Cheng Loong Bac Giang Company Limited	551,970	1,092,551	648,549	444,002	0	(8,009)	(16,138)	NA
Cheng Loong Ben Cat Company Limited	367,980	630,447	374,434	256,013	0	(31,972)	(45,640)	NA
Cheng Loong Binh Duong Paper Co., Ltd.	8,279,642	12,823,456	7,960,790	4,862,666	3,992,133	(693,619)	(1,079,341)	NA
Chinh Loong Co., Ltd.	33,000	24,834	318	24,516	0	(888)	(888)	NA

Note 1: USD rate:30.665.

(2) Consolidated financial statements of various affiliated enterprises:

Representation Letter

The entities that are required to be included in the combined financial statements of CHENG LOONG CORPORATION as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHENG LOONG CORPORATION and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CHENG LOONG CORPORATION

Chairperson: Jen-Ming Cheng

Date: March 14, 2023

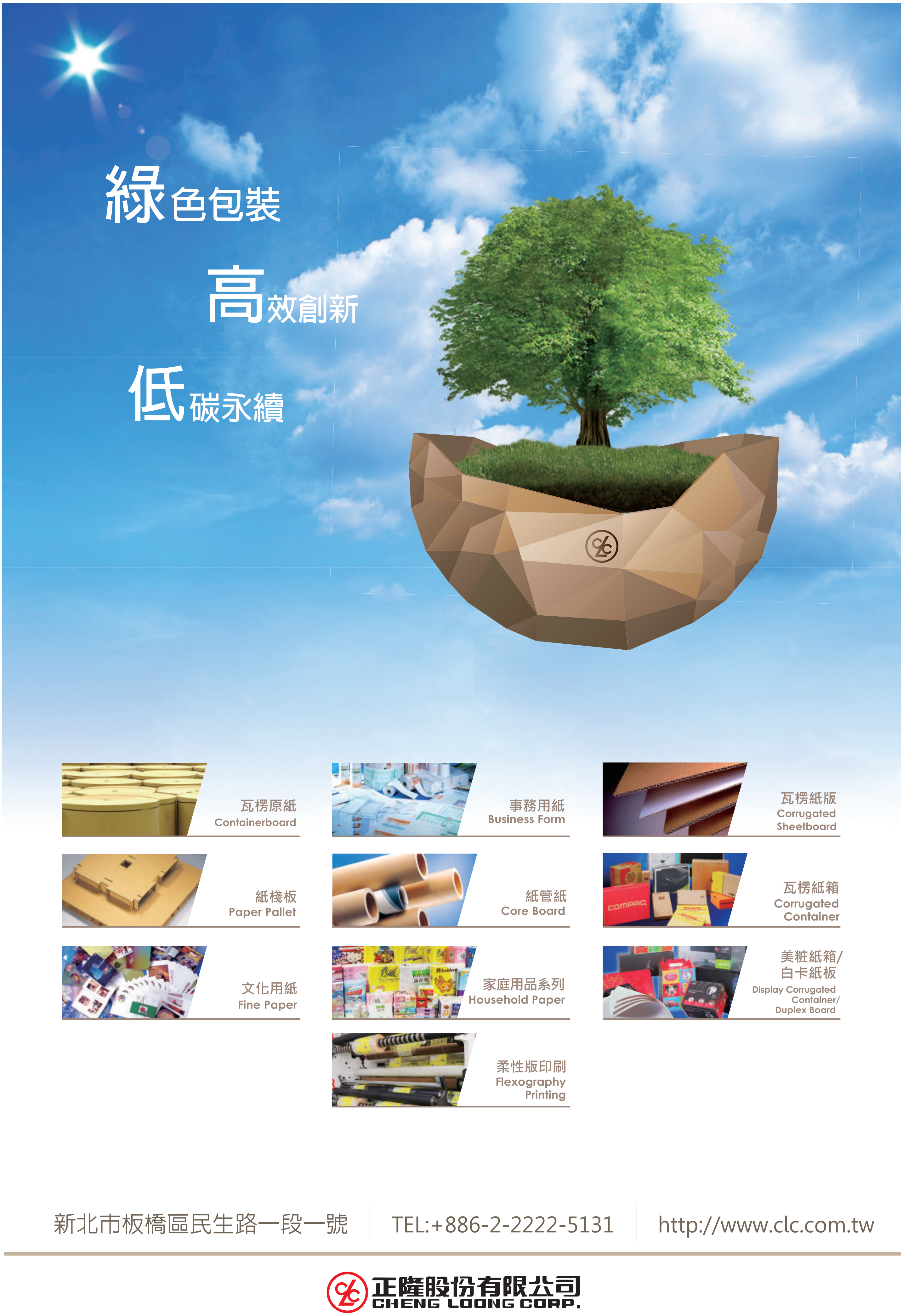
(3) Affiliation Reports: The Company is not a subsidiary, which is not applicable.

2. Private Placements Securities in the Last Fiscal Year and up to the Printing Date of this Annual Report: None.

3. Shares Held or Disposed of by Subsidiaries in the Last Fiscal Year and up to the Printing Date of this Annual Report: None.

4. Other Information Which Should be Disclosed: None.

The Provisions in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act that Have Significant Impact on Shareholders’ Equity or Securities Price: None.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低碳永續
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Containerboard
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正隆股份有限公司
CHENG LOONG CORP.

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MIRDC
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DNV·GL ISO 14001

DNV·GL ISO 45001

DNV·GL ISO 50001

bsi. ISO 14001 環境管理系統

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ISO 14064-1 SGS

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CHENG LOONG CORP.

鄭人昭