Stock Code: 1909

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries.

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: No.1-1, Guangxing Lane, Guangxing Village, Erlin Township, Zhanghua County, Taiwan (R.O.C.)

Telephone: (04) 896-2111

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Representation Letter

For the year ended December 31, 2022, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare

Company name: Longchen Paper & Packaging Co., Ltd.

Chairman: Cheng, Ying-Pin

March 10, 2023

BDO

BDO Taiwan
立本台灣聯合會計師事務所

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Longchen Paper & Packaging Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Longchen Paper & Packaging Co., Ltd and its subsidiaries (the "Group"). which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 the "Other matter-Making Reference to the Audits of Component Auditors section of our report) the accompanying consolidated financial statements present fairly,in all material respects,the consolidatef 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 then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers,and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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Major transactions with related parties

The Group strive for creating a vertically-integrated management system throughout the whole industry chain. Subsidiaries of different nature within the group are responsible for all the operational processes, from overseas procurement of waste paper or local waste paper recycling, to production and marketing of industrial paper and cartons. As the amounts of transactions with related are considerable, the corporate incomes of such subsidiaries in different countries have to be recognized in different times. Moreover, transactions with upstream-downstream related parties and the evaluation on unrealized gross margin exclusion have effect on the recognition of sales revenue, cost of goods sold and gross profit on sales. Therefore, major transactions with related parties should be considered as key review issues. The information on such transactions with related parties is provided in Footnotes accompanying the consolidated financial statements.

Generally, we have reviewed and audited the aforesaid matters by following the procedures below:

1. Understand and verify the design and execution effectiveness of the internal control system for the administration of transactions with related parties;
2. Understand and evaluate the rationality of assumptions and methods adopted by the management to eliminate estimated unrealized gross profit of companies of different nature;
3. Perform random inspection and verification on the quantity and amount of such transactions with related parties not put into production;
4. Repeat the combination and consolidated elimination of transactions with related parties, and assess whether any calculation formula used are correct; and
5. Perform analytical review procedures. In consideration of the previous actual operating results and the influence of the production capacity expansion this year, assess whether the financial information by departments is consistent with the expectation.

Government subsidy income

In 2022, the non-operating incomes of the Group from government subsidies were about NT$876,068 thousand, constituting 1.65% of the consolidated net income in 2022. Accordingly, such government subsidy income was considered as a key audit issue. The information on government subsidies is provided in Footnotes 4(21) and 6(29) of the consolidated financial statements.

Generally, we have audited the aforesaid matters by following the procedure below:

1. Understand and evaluate the rationality of methods used by the management to recognize such government subsidy income;
2. Perform random inspection and verification on agreements for government subsidies, and confirm that: 1) whether or not to comply with additional conditions for government subsidies; and 2) such subsidy can be obtained; and

3. Perform random inspection and verification on whether the government subsidy income this year is recognized as deferred income or other income based on the subsidy nature pursuant to the general accounting principle. Analyze and challenge the management's assessment conditions to verify the rationality of income recognition.

Other matter - Making Reference to the Audits of Component Auditors

Among the subsidiaries listed in the consolidated financial statements above, the financial statements of Long Chen Paper (China) Holdings Co., Ltd. and its subsidiaries were audited by other auditors rather than us. Thus, the amounts listed in the financial statements of such subsidiaries included in our audit opinions towards the consolidated financial statements above were based on the audit reports issued by other auditors. For Long Chen Paper (China) Holdings Co., Ltd. and its subsidiaries: 1) the total assets as at December 31, 2022 and 2021 were respectively NT$48,352,013 thousand and NT$52,926,535 thousand, constituting 66.61% and 67.80% of the consolidated total assets; and 2) the net revenue for 2022 and 2021 was respectively NT$39,037,056 thousand and NT$45,174,187 thousand, constituting 73.70% and 79.80% of the consolidated net revenue.

Other matter –Parent company only financial reports

We have also audited the parent company only financial statements of Longchen Paper & Packaging Co., Ltd. as of and for the years ended December 31, 2022 and 2021 which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the 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 members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mu Fan Wang and Yi-Chun Chang.

Wang, Mu-Fan   Chang, Yi-Chun

BDO Taiwan
Republic of China
March 10, 2023

<u>*Notice to Readers*</u>

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

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

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

			December 31, 2022		December 31, 2021	
Code	Assets	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4. 6(1)	$1,901,853	2.62	$1,514,365	1.94
1110	Financial assets at fair value through profit or loss-current	4. 6(2)	401	-	41,639	0.05
1136	Financial assets at amortised cost	4. 6(3)	44,080	0.06	62,948	0.08
1150	Notes Receivable , net	4. 6(4)	2,346,192	3.23	4,304,233	5.51
1170	Accounts receivable, net	4. 6(4)	5,966,178	8.22	7,061,620	9.04
1180	Accounts receivable from related parties, net	4. 6(4). 7(3)	77,169	0.11	258,549	0.33
1200	Other receivables	4. 6(4)	272,543	0.38	225,349	0.29
1220	Current income tax assets		80,545	0.11	74,060	0.09
130x	Inventories, net	4. 6(5)	4,640,823	6.39	6,291,626	8.06
1410	Prepayments	6(6)	1,918,568	2.64	2,837,935	3.64
1470	Other current assets	6(7)	43,976	0.06	72,116	0.09
11xx	Total current assets		17,292,328	23.82	22,744,440	29.12
	Non-current assets					
1510	Financial assets at fair value through profit or loss -non-current	4. 6(2)	340,875	0.47	223,970	0.29
1550	Investments accounted for using equity method	4. 6(8)	4,477,564	6.17	6,025,216	7.72
1600	Property, plant and equipment	4. 6(9)	46,439,262	63.98	44,740,671	57.31
1755	Right-of-use assets	4. 6(10)	1,737,198	2.39	1,559,850	2.00
1760	Investment property, net	4. 6(11)	7,178	0.01	7,288	0.01
1780	Intangible assets		48,094	0.07	66,358	0.09
1840	Deferred Income tax assets	4. 6(26)	634,954	0.87	706,936	0.91
1900	Other non-current assets	4. 6(4)(12)	1,614,950	2.22	1,990,131	2.55
15xx	Total non-current assets		55,300,075	76.18	55,320,420	70.88
	Total assets		$72,592,403	100.00	$78,064,860	100.00

			December 31, 2022		December 31, 2021	
Code	Liabilities and Equity	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4. 6(13)	$10,210,836	14.05	$9,447,216	12.10
2110	Short-term notes and bills payable	4. 6(14)	-	-	399,769	0.51
2120	Financial liabilities at fair value through profit or loss	4. 6(2)	-	-	98,451	0.13
2130	Contract liabilities - current	6(28)	143,112	0.20	125,200	0.16
2150	Notes payable		132,241	0.18	97,252	0.12
2170	Accounts payable		2,475,182	3.41	5,955,216	7.63
2180	Accounts payable from related parties	7(3)	48,419	0.07	109,905	0.14
2200	Other payables		2,633,266	3.63	2,758,816	3.53
2230	Current income tax liabilities		441,373	0.61	622,982	0.80
2250	Provisions for liabilities – current	4. 6(17)	-	-	83,230	0.11
2280	Lease liabilities - current	4. 6(10)	79,705	0.11	62,605	0.08
2300	Other current liabilities		22,159	0.03	28,560	0.04
2321	Current portion of long- bonds payable	4. 6(15)	2,500,000	3.44	-	-
2322	Current portion of long-term loans	4. 6(16)	3,801,649	5.24	9,955,406	12.75
2365	Refund liability - current	4. 6(18)	11,359	0.02	20,812	0.03
21xx	Total current liabilities		22,499,301	30.99	29,765,420	38.13
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss-non-current	4. 6(15)	13,059	0.02	2,629	-
2530	Corporate bonds payable	4. 6(15)	658,326	0.91	3,148,301	4.03
2540	Long-term loans	4. 6(16)	24,820,713	34.20	16,917,959	21.67
2560	Income tax liabilities	4. 6(26)	-	-	134,431	0.17
2570	Deferred income tax liabilities	4. 6(26)	2,139	-	218,444	0.28
2580	Lease liabilities - non-current	4. 6(10)	119,658	0.16	99,350	0.13
2600	Other non-current liabilities		323,065	0.45	335,558	0.43
2640	Net defined benefit liabilities - non-current	4. 6(19)	17,799	0.02	50,837	0.07
2645	Guarantee deposits		37,219	0.05	38,548	0.05
25xx	Total non-current liabilities		25,991,978	35.81	20,946,057	26.83
2xxx	Total liabilities		48,491,279	66.80	50,711,477	64.96
	Equity attr ibutable to owners of the parent					
3100	Capital stock					
3110	Common stock	6(20)	13,276,857	18.29	12,776,857	16.37
3200	Capitalsurplus	6(15)(21)	4,343,470	5.98	4,123,578	5.28
3300	Retained earnings	6(22)				
3310	Legal reserve		2,038,284	2.81	1,781,979	2.28
3320	Special reserve		626,639	0.86	626,639	0.80
3350	Unappropriated earnings		4,316,130	5.95	6,973,727	8.93
3400	Other equity interest	6(25)				
3410	Exchange differences on translation of foreign operations		(1,143,700)	(1.58)	(1,423,798)	(1.82)
3420	Unrealized gain (loss) on FVTOCI		622,463	0.86	2,426,822	3.11
3500	Treasury shares	4. 6(23)	(31,894)	(0.04)	-	-
31xx	Total equity attributable to owners of the parent company		24,048,249	33.13	27,285,804	34.95
36xx	Non-controlling interesteests	6(24)	52,875	0.07	67,579	0.09
3xxx	Total equity		24,101,124	33.20	27,353,383	35.04
	Total liabilities and equity		$72,592,403	100.00	$78,064,860	100.00

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

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

Longchen Paper & Packaging Co., Ltd. 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	
Code	Item	Notes	Amount	%	Amount	%
4000	**Operating revenue**	4. 6(28). 7(3)	$52,968,404	100.00	$56,608,196	100.00
5000	**Operating costs**	6(5)(19)(30). 7(3)	(48,580,467)	(91.72)	(47,308,248)	(83.57)
5900	**Operating margin**		4,387,937	8.28	9,299,948	16.43
5950	**Net operating margin**		4,387,937	8.28	9,299,948	16.43
	Operating expenses	6(10)(19)(30)				
6100	Selling expenses		(2,242,524)	(4.23)	(2,230,782)	(3.94)
6200	General and administrative expenses		(1,156,107)	(2.18)	(1,262,406)	(2.23)
6300	Research and development expenses		(1,483,034)	(2.80)	(1,624,164)	(2.87)
6450	Expected credit recovery gain (impairment loss)		81,039	0.15	(27,582)	(0.05)
6000	Total operating expenses		(4,800,626)	(9.06)	(5,144,934)	(9.09)
6900	**Operating profit**		(412,689)	(0.78)	4,155,014	7.34
	Non-operating income and expenses	6(10)(29)				
7100	Interest income		19,052	0.04	11,259	0.02
7010	Other income		939,387	1.77	289,117	0.51
7020	Other gains and losses		(185,674)	(0.35)	(246,776)	(0.44)
7050	Finance costs		(1,554,330)	(2.93)	(1,461,468)	(2.58)
7060	Share of profit of associates accounted for equity method	4. 6(8)	313,753	0.59	125,419	0.22
7000	**Total non-operating income and expenses**		(467,812)	(0.88)	(1,282,449)	(2.27)
7900	**Profit (loss)before income tax**		(880,501)	(1.66)	2,872,565	5.07
7950	**Income tax (expenses) benefits**	4. 6(26)	(42,647)	(0.08)	(520,478)	(0.92)
8200	**Profit (loss) for the period**		(923,148)	(1.74)	2,352,087	4.15
	Other comprehensive income (loss)					
8310	**Items that will not be reclassified subsequently to profit or loss**	6(23)(25)				
8311	Remeasurement of defined benefit obligation	6(19)	8,686	0.01	(5,775)	(0.01)
8320	Share of other comprehensive income (loss) of associates accounted for using equity method		(1,771,231)	(3.34)	358,040	0.63
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	6(26)	(1,737)	-	1,155	-
8360	**Items that may be reclassified subsequently to profit or loss**	6(24)(25)				
8361	Exchange differences arising on translation of foreign operations financial statements		359,819	0.68	(142,995)	(0.25)
8370	Share of other comprehensive income (loss) of associates accounted for using equity method		(8,763)	(0.02)	2,146	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	4. 6(26)	(70,026)	(0.13)	28,076	0.06
8300	**Other comprehensive income (losses), net of tax**		(1,483,252)	(2.80)	240,647	0.43
8500	**Total comprehensive income tax for the period**		$(2,406,400)	(4.54)	$2,592,734	4.58
8600	**Net income (loss) for the periods attributable to:**					
8610	Owners of the parent		$(909,780)	(1.71)	$2,352,856	4.15
8620	Non-controlling interests		(13,368)	(0.03)	(769)	-
			$(923,148)	(1.74)	$2,352,087	4.15
8700	**Comprehensive income (losses) for the periods attributable to:**					
8710	Owners of the parent		$(2,392,330)	(4.51)	$2,593,679	4.58
8720	Non-controlling interests		(14,070)	(0.03)	(945)	-
			$(2,406,400)	(4.54)	$2,592,734	4.58
	Earnings per share (in dollars):	4. 6(27)				
9750	Basic earnings per share		$(0.71)		$1.84	
9850	Diluted earnings per share		$(0.71)		$1.84	

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

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

Longchen Paper & Packaging Co., Ltd. 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 the parent										
			Retained earnings			Other equity items					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (losses) from financial assets measured at fair value through other comprechtnsive income	Treasury Shares	Total Equity attributable to owners of the parent	Non-controlling interests	Total Equity
Balance at January 1, 2021	$12,776,857	$4,019,363	$1,688,201	$626,639	$5,271,064	$(1,311,493)	$2,283,891	$-	$25,354,522	$68,524	$25,423,046
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	93,778	-	(93,778)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(766,612)	-	-	-	(766,612)	-	(766,612)
Other capital surplus											
Recognition of equity component of convertible bonds issued	-	104,215	-	-	-	-	-	-	104,215	-	104,215
Net income in 2021	-	-	-	-	2,352,856	-	-	-	2,352,856	(769)	2,352,087
Other comprehensive income in 2021	-	-	-	-	(4,620)	(112,305)	357,748	-	240,823	(176)	240,647
Total comprehensive income in 2021	-	-	-	-	2,348,236	(112,305)	357,748	-	2,593,679	(945)	2,592,734
Disposal of investments in equity instruments designated as fair value through other comprechensive income	-	-	-	-	214,817	-	(214,817)	-	-	-	-
Balance at December 31, 2021	$12,776,857	$4,123,578	$1,781,979	$626,639	$6,973,727	$(1,423,798)	$2,426,822	$-	$27,285,804	$67,579	$27,353,383
Balance at January 1, 2022	$12,776,857	$4,123,578	$1,781,979	$626,639	$6,973,727	$(1,423,798)	$2,426,822	$-	$27,285,804	$67,579	$27,353,383
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	256,305	-	(256,305)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,533,223)	-	-	-	(1,533,223)	-	(1,533,223)
Other capital surplus											
Changes in equity of associates accounted for using the equity method	-	(9,705)	-	-	-	-	-	-	(9,705)	-	(9,705)
Net loss in 2022	-	-	-	-	(909,780)	-	-	-	(909,780)	(13,368)	(923,148)
Other comprehensive income in 2022	-	-	-	-	6,949	280,098	(1,769,597)	-	(1,482,550)	(702)	(1,483,252)
Total comprehensive income in 2022	-	-	-	-	(902,831)	280,098	(1,769,597)	-	(2,392,330)	(14,070)	(2,406,400)
Cash capital increas	500,000	225,000	-	-	-	-	-	-	725,000	-	725,000
Buy back of ordinary shares	-	-	-	-	-	-	-	(31,894)	(31,894)	-	(31,894)
Share-based payments transactions	-	4,597	-	-	-	-	-	-	4,597	-	4,597
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(634)	(634)
Disposal of investments in equity instruments designated as fair value through other comprechensive income	-	-	-	-	34,762	-	(34,762)	-	-	-	-
Balance at December 31, 2022	$13,276,857	$4,343,470	$2,038,284	$626,639	$4,316,130	$(1,143,700)	$622,463	$(31,894)	$24,048,249	$52,875	$24,101,124

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

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

Longchen Paper & Packaging Co., Ltd. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Item	2022	2021
Cash flow from operating activities:		
Profit (loss) before income tax for the period	$(880,501)	$2,872,565
Adjustments for:		
The profit or loss items:		
Depreciation expense	2,775,448	2,574,610
Amortization expense	27,587	28,646
Excepted credit recovery gains (impairment loss)	(81,039)	27,582
Net (gains) losses on financial assets and liabilities at fair value through profit and loss	(215,691)	179,193
Interest expense	1,495,120	1,398,265
Interest income	(19,052)	(11,259)
Dividend income	(12,096)	(2,901)
Compensation cost arising from share-based payments	4,597	-
Share of profit or losses of subsidiaries and associates accounted for under the equity method	(313,753)	(125,419)
Losses(gain) on disposal of subsidiaries	50	-
(Gain) losses on disposal of property, plant and equipment	40,365	54,576
Impairment loss on property, plant and equipment	115,125	-
Property, plant and equipment reclassified to expenses	100,210	80,605
Impairment (reversal) loss of onerous contracts	(84,495)	83,157
Lease modification gain	(2,404)	(2,282)
Other item - donation expense	39,582	155,199
Subtotal	3,869,554	4,439,972
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	1,958,041	(184,436)
Decrease (increase) in accounts receivable	1,176,481	(812,808)
Decrease (increase) in accounts receivable from related parties	181,380	(164,012)
Decrease (increase) in other receivables	(47,196)	17,973
Decrease (increase) in inventories	1,647,426	(2,565,821)
Decrease (increase) in prepayments	933,854	(102,817)
Decrease (increase) in other current assets	28,140	(50,698)
Total net change in operating assets	5,878,126	(3,862,619)
Change in operating liabilities		
Increase (decrease) in contract liabilities - current	17,912	103,962
Increase (decrease) in notes payable	34,989	62,235
Increase (decrease) in accounts payable	(3,495,190)	1,564,754
Increase (decrease) in accounts payable from related parties	(61,486)	(10,571)
Increase (decrease) in other payables	(427,783)	210,383
Increase (decrease) in other current liabilities	(6,401)	(113,831)
Increase (decrease) in refund liability - current	(9,453)	6,876
Increase (decrease) in other non-current liabilities	(12,493)	(18,296)
Increase (decrease) in net defined benefit liability - non-current	(24,352)	(3,058)
Total net change in operating liabilities	(3,984,257)	1,802,454
Total net change in operating assets and liabilities	1,893,869	(2,060,165)
Total adjustments	5,763,423	2,379,807
Cash generated from operating activities	4,882,922	5,252,372
Interests received	19,054	11,262
Dividends received	44,562	24,545
Interests paid	(1,476,799)	(1,392,814)
Income tax paid	(581,257)	(253,383)
Net cash provided by operating activities	2,888,482	3,641,982
Cash flow from investing activities:		
Disposal (acquisition) of financial assets/liabilities at fair value through profit or loss	52,980	(497,352)
Disposal (acquisition) of financial assets at amortised cost-current	18,868	(62,948)
Acquisition of investment accounted for under the equity method	2,937	-
Acquisition of property, plant and equipment	(2,538,890)	(1,888,404)
Disposal of property, plant and equipment	63,272	218,506
Acquisition of right-of-use assets	(149,446)	-
(Disposal) acquisition of intangible assets	(509)	(35,297)
Decrease (increase) in other non-current assets - prepayments for equipment	(1,015,178)	(1,088,352)
Decrease (increase) in other non-current assets - refundable deposits	13,484	(89,533)
Decrease (increase) in other non-current assets - others	(2,363)	(24,204)
Net cash used in investing activities	(3,554,845)	(3,467,584)
Cash flow from financing activities:		
Increase (decrease) in short-term loans	763,620	588,206
Increase (decrease) in short-term notes and bills payable	(399,769)	399,769
Issuance to corporate bond	-	760,075
Payments of long-term loans	20,011,661	3,818,708
Repayments of long-term loans	(18,262,664)	(4,886,294)
Payment of lease liabilities	(87,515)	(74,053)
Increase (decrease) in guarantee deposits received	(1,329)	6,093
Cash dividends paid	(1,533,223)	(766,612)
Cash capital issuances	725,000	-
Buy back of ordinary shares	(31,894)	-
Change in non-controlling interests	(1,336)	(176)
Net cash provided by (used in) financing activities	1,182,551	(154,284)
Effect of changes in exchange rate on cash and cash equivalents	(128,700)	112,716
Net increase (decrease) in cash and cash equivalents	387,488	132,830
Cash and cash equivalents at the beginning of the year	1,514,365	1,381,535
Cash and cash equivalents at the end of the year	$1,901,853	$1,514,365

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

Longchen Paper & Packaging Co., Ltd.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in thousand of New Taiwan dollars, unless otherwise indicated)

1. General

Longchen Paper & Packaging Co., Ltd. (hereinafter referred to as "Longchen P&P") was incorporated on March 18, 1978 in accordance with the Company Act of The Republic of China. The Group's primary business activities are manufacturing, processing and trading of paper raw materials; manufacturing, printing, processing and trading of corrugated containers; and recycling/renewal of energy and resources, including turnkey design, trial-run and operation of cogeneration and incinerator systems.

Shares of the Longchen P&P have been listed for trading on Taiwan Stock Exchange Corporation since November 1985. The administrative office is located at 10F, No. 337, FuXingBei North Road, Taipei City. Longchen P&P and its subsidiaries, which are included for preparation of the consolidated financial statements, are hereinafter referred to as the "Group".

2. The Date of Authorization for Issuance of the Parent Company only Financial Statements and Procedures for Authorizatio

The consolidated financial statement were approved and authorized during the board of directors meeting dated March 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to the International Financial Reporting Standards ("IFRSs") came into effect as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

The above standards and interpretations have no significant impact on the Gorup's financial condition or business performance based on the Group's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact on the Group's financial condition or business performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, ' Non-current liabilities with Covenants'	January 1, 2024
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards

The Group's assessment will continue concerning the effect of the above standards and interpretations on the Group's financial position and business performance. The details of such assessment will be disclosed after it is completed.

4. Summary of Significant Accounting Policies

Below is a summary of significant accounting policies used for the preparation of standalone financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(1) Compliance Statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs")

(2) Basis of preparation

A. Except for the following items, the consolidatied financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

   (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the consolidatied and to the non-controlling interests. Total comprehensive income is attributed to the owners of the consolidatied and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a consolidatied's ownership interest in a subsidiary that do not result in the consolidatied losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021
Longchen P&P	L&C CO., (BVI) LTD. ("L&C")	General investment	100%	100%
	Long Chen Investment Developing Co., Ltd. ("Long Chen Investment")	General investment	99.57%	99.57%
	Long Chen Paper Japan .	Recovery and sale of waste paper resources	100%	100%

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

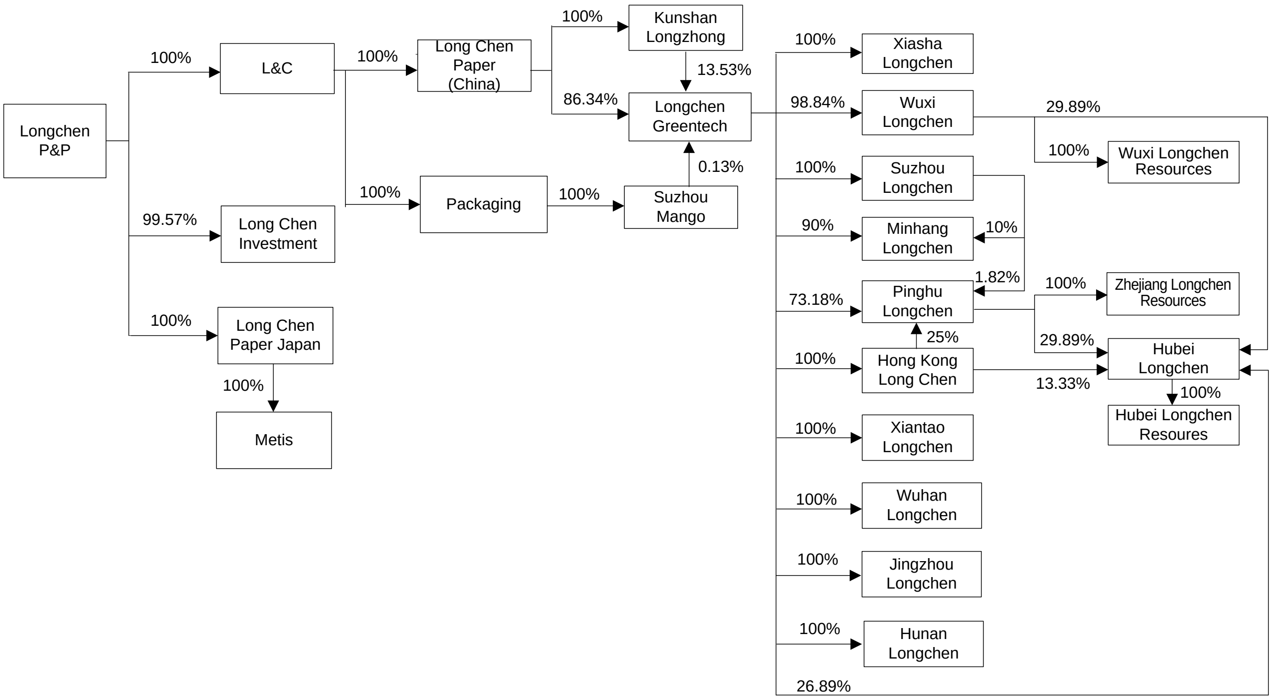
Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2022	December 31, 2021
L&C	Long Chen Paper (China) Holdings Co., Ltd. ("Long Chen Paper (China)")	General investment	100%	100%
	Long Chen Packaging Company(Cayman) ("Packaging")	General investment	100%	100%
	Long Chen Paper Trading Limited ("Trading")	General investment	-	80%
Long Chen Paper Japan	Metis International INC	Recovery and sale of waste paper resources	100%	100%
Packaging	Suzhou Mango Packaging Co., Ltd. ("Suzhou Mango")	Wholesale, import and export of packaging materials, paper products, electronic products, and hardware	100%	100%
Suzhou Mango	Jiangsu Longchen Greentech Co., Ltd. ("Longchen Greentech")	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	0.13%	0.13%
Long Chen Paper (China)	Jiangsu Longchen Greentech Co., Ltd. ("Longchen Greentech")	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	86.34%	86.34%
	Kunshan Longzhong Investment Co., Ltd. ("Kunshan Longzhong")	General investment	100%	100%
Longchen Greentech	Wuxi Longchen Greentech Co., Ltd. ("Wuxi Longchen")	Manufacturing and sale of paper and paperboard	98.84%	98.84%
	Suzhou Longchen Paper Co., Ltd. ("Suzhou Longchen")	Manufacturing and sale of top-grade paper, paperboard and novel packaging materials	100%	100%
	Zhejiang Xiasha Longchen Packing Co., Ltd. ("Xiasha Longchen")	Manufacturing and processing of top-grade paperboard, cartons and paper boxes	100%	100%
	Shanghai Minhang Longchen Paper Co., Ltd. ("Minhang Longchen")	Manufacturing and processing of paperboard and paper products	90%	90%
	Pinghu Longchen Greentech Co., Ltd. ("Pinghu Longchen")	Manufacturing and sale of top-grade paper and paperboard, and warehousing	73.18%	73.18%
	Hong Kong Long Chen Paper Co., Ltd. ("Hong Kong Long Chen")	General investment	100%	100%

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2022	December 31, 2021
	Xiantao Longchen Greentech Co., Ltd. ("Xiantao Longchen")	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
	Wuhan Longchen Greentech Co., Ltd. ("Wuhan Longchen")	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
	Jingzhou Longchen Greentech Co., Ltd. (Jingzhou Longchen)	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
	Hubei Longchen Greentech Co., Ltd. ("Hubei Longchen")	Manufacturing of top-grade containerboard paper and cogeneration products	26.89%	26.89%
	Hunan Longchen Green Packing Co., Ltd. ("Hunan Longchen")	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	100%	100%
Wuxi Longchen	Wuxi Longchen Resources Co., Ltd. ("Wuxi Longchen Resources")	Recovery and sale of waste paper resources	100%	100%
	Hubei Longchen Greentech Co., Ltd. ("Hubei Longchen")	Manufacturing of top-grade containerboard paper and cogeneration products	29.89%	29.89%
Suzhou Longchen	Shanghai Minhang Longchen Paper Co., Ltd. ("Minhang Longchen")	Manufacturing and processing of paperboard and paper products	10%	10%
	Pinghu Longchen Greentech Co., Ltd. ("Pinghu Longchen")	Manufacturing and sale of top-grade paper and paperboard, and warehousing	1.82%	1.82%
Pinghu Longchen	Zhejiang Longchen Resources Co., Ltd. ("Zhejiang Longchen Resources")	Recovery and sale of waste paper resources	100%	100%
	Hubei Longchen Greentech Co., Ltd. ("Hubei Longchen")	Manufacturing of top-grade containerboard paper and cogeneration products	29.89%	29.89%
Kunshan Longzhong	Jiangsu Longchen Greentech Co., Ltd. ("Longchen Greentech")	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	13.53%	13.53%
Hong Kong Long Chen	Hubei Longchen Greentech Co., Ltd. ("Hubei Longchen")	Manufacturing of top-grade containerboard paper and cogeneration products	13.33%	13.33%

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021
	Pinghu Longchen Greentech Co., Ltd. ("Pinghu Longchen")	Manufacturing and sale of top-grade paper and paperboard, and warehousing	25%	25%
Hubei Longchen	Hubei Longchen Resources Co., Ltd. ("Hubei Longchen Resources")	Recovery and sale of waste paper	100%	100%



C. Changes (increase/decrease) in the ownership to subsidiaries included in these consolidated financial statements:

(a) In November 2020, Longchen P&P lent the funds to Hubei Longchen Greentech Co., Ltd. through the Longchen P&P's subsidiaries. In March 2021, the board of directors decided to transfer the above loan to increasing the capital of Hubei Longchen Greentech Co., Ltd. by CNY 300,000 thousand. Longchen P&P performed the related reorganization of the group structure through the above transactions,the accumulated amounts of Long Chen Paper (China), Kunshan Longzhong, and Suzhou Mango investments in Longchen Greentech were CNY835,199 thousand, CNY 130,936 thousand and CNY 1,272 thousand, respectively, the ownership of Longchen Greentech are 86.34%, 13.53% and 0.13%, respectively.

(b) Longchen P&P who directly owns a subsidiary of L&C CO., (BVI) LTD ,will liquidate the Long Chen Paper Trading Limited in October 2022, and the relevant liquidation procedures have been completed. Information relating profit or loss, please refer to Note 6 (29).

(4) Foreign currency transaction

All items listed in the consolidated financial report have been measured using the currency of the main economic environment where the Group operates in (i.e. the functional currency). The consolidated financial report is presented using the Group's functional currency - "NTD".

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "Other gains and losses" in the income statement.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(5) <u>Classification of current and non-current assets and liabilities</u>

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(7) Financial instruments

A. Financial assets

Regular transactions of financial asset are recognized on or removed from balance sheet using trade date accounting.

(a) Financial assets at fair value through profit and loss

Financial assets that are not carried at cost after amortization or financial assets that are carried at fair value through other comprehensive income.

They are recognized at fair value at initiation with transaction costs recognized through profit and loss at the time of occurrence. Subsequent assessments are measured at fair value with gains or losses recognized through profit and loss.

Dividend income is recognized in profit and loss when the entitlement to receive dividend has been established, when economic benefits relating to dividends are very likely to be realized, and that the amount of dividend can be measured reliably.

(b) Financial assets at amortised cost

The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(c) Accounts and Note receivable

Accounts and Note receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

However, short-term accounts and Note receivable that bear no interest are subsequently measured at the original invoice amount as the effect of discounting is insignificant.

B. Impairment on financial assets

Debt instruments at fair value through other comprehensive income and financial assets carried at cost after amortization are evaluated on every balance sheet date by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition have loss reserves measured based on 12-month expected credit loss; those that exhibit significant increase in credit risk after initial recognition have loss reserves measured based on expected credit loss over the remaining duration. Accounts receivable or contractual assets that do not include significant financial components have loss reserves measured based on expected credit loss over the remaining duration.

C. Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:
(a) The contractual rights to receive the cash flows from the financial asset expire.
(b) The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
(c) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

D. Financial liabilities and equity instruments

(a) Financial liabilities at fair value through profit or loss
   i. Financial liabilities are classified in this category of held for trading if acquired principally forthe purpose of repurchasing in the short-term. Derivatives are also categorised as financialliabilities held for trading unless they are designated as hedges.
   ii. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(b) Loans

Refers to long-term and short-term funding borrowed from banks and other lenders. Loans are recognized at fair value less transaction costs at initiation. Any subsequent differences between proceeds net of transaction cost and the redemption value are recognized as interest expenses in profit and loss using the effective interest rate method throughout the duration.

Expenses paid for setting up loan limits are treated as transaction cost if the Group is very likely to utilize part or all of the limits, and are recognized on a deferred basis as an adjustment to the effective interest rate at the time of utilization. If the Group is unlikely to utilize part or all of the limits, these expenses are recognized as prepayments and amortized over the duration of the limit instead.

(c) Accounts and Note payable

Accounts payable are liabilities for purchases of raw materials, goods or services and Note payable are those resulting from operating and non-operating activities.

The short-term Note and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Corporate bonds payable

Corporate bonds issued by the Group are recognized at fair value less transaction costs at initiation. Any differences between proceeds net of transaction cost and the redemption value are recognized as additions or deductions to corporate bond payable. These differences are subsequently amortized using the effective interest method and recognized in profit and loss as “Financial cost” throughout the duration.

(e) Convertible bonds payable (compound financial instruments)

Convertible bonds issued by the Longchen P&P contains conversion options (that is, the bondholders have the right to convert the bonds into the Longchen P&P’s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. Longchen P&P’s classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

i. The embedded call options and put options are recognized initially at net fair value as “financial assets or financial liabilities at fair value through profit or loss”. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as “gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss”.

ii. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to “finance costs” over the period of circulation using the effective interest method.

iii. The embedded conversion options which meet the definition of an equity instrument are initially recognized in “capital surplus-share options” at the residual amount of total issuance price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

iv. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

v. When bondholders exercise conversion options, the liability component of the bonds (including “bonds payable” and “financial assets or financial liabilities at fair value through profit or loss”) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and “capital surplus-share options”.

E. Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognised in profit or loss.

F. Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the Group is legally entitled to do so and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

(8) Inventory

The basis of accounting for inventories is the cost of an acquisition. The perpetual inventory system is adopted. The costing of inventories is on the weighted average basis. Inventories are stated at the lower of cost or net realizable value. Except inventories of the same class, the comparison between cost and net realizable value is based on individual items. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale under normal conditions.

(9) Investments accounted for using equity method

A. Associated company refers to an entity in which the Group exercises significant influence but no control, which generally means 20% direct or indirect voting interest or above. The Group accounts for associated companies using the equity method. Value at initial acquisition is accounted at cost.

B. Share of profits/losses from associated company after acquisition is recognized in current profit and loss; share of other comprehensive income after acquisition is recognized in other comprehensive income. If the Group's share of losses in an associated company equals to or exceeds its equity interest in the associated company (including any other non-guaranteed receivables), the Group will not recognize the extra losses unless the Group has a legal obligation or constructive obligation to pay, or has paid liabilities, on behalf of the associated company.

C. If an associated company undergoes a change of equity that has no impact on profit and loss, other comprehensive income and shareholding percentage, the Group recognizes the changes in equity that are attributable to the Group and have the shares of associates as "Capital Reserves" in the shareholding ratio.

D. Unrealized gains arising from transactions between the Group and an associated company are eliminated proportionally based on ownership percentage. Unrealized losses are also eliminated unless there is evidence to suggest impairment in the transferred assets. All associated companies have made the necessary adjustments to align their accounting policies with that of the Group.

E. In the event that an associated company issues new shares that the Group decides not to subscribe/acquire proportionally, and therefore result in a change of shareholding percentage while retaining significant influence, the change in net worth is adjusted into "Capital reserve" and "Equity-accounted investor". If ownership percentage reduces as a result, all gains/losses relating to the reduction of ownership percentage and gains/losses previously recognized through other comprehensive income that need to be reclassified into profit and loss upon disposal of asset or liability shall be reclassified proportionally by the percentage of ownership reduction, in addition to the above adjustments.

F. In the event that the Group loses significant influence in an associated company, remaining investments in the former associated company shall be re-measured at fair value, and the difference between the fair value and book value of investment is recognized in current profit and loss.

G. If the Group disposes an associated company in a manner that causes it to lose significant influence, all amounts previously recognized in other comprehensive income in relation to the associated company are accounted on the same basis as if the Group had directly disposed the relevant assets or liabilities. In other words, if gains or losses previously recognized in other comprehensive income are to be reclassified into profit and loss upon disposal of relevant assets or liabilities, such gains or losses shall be reclassified into profit and loss when the Group loses significant influence in the associated company. If the Group still retains significant influence in the associated company, the above amounts previously recognized in other comprehensive income are reclassified proportionally in the manner mentioned above.

H. When the Group disposes an associated company, the Group reclassifies all capital reserves on the associated company into profit and loss if it loses significant influence, or proportionally into profit and loss if it retains significant influence.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land Improvements	7~20 years
Buildings	5~50 years
Machinery	3~25 years
Transport equipment	2~6 years
Other equipment	1~15 years
Lease improvements	Depreciation is provided over the lease tenor or useful life, whichever the shorter

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(11) Leasing arrangements

As a Lessee

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
(a) Fixed payments, less any lease incentives receivable;
(b) Variable lease payments that depend on an index or a rate;
(c) Amounts expected to be payable by the lessee under residual value guarantees;
(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date;
(c) Any initial direct costs incurred by the lessee; and
(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

As a Lessor

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

(12) Investment Property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-today servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	32 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group decides to transfer to or from investment properties based on the actual usage of the assets.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A. Intangible assets under development - research and development costs

Research costs are expensed when incurred. Individual projects are recognized as intangible assets when they progress into a stage that meets the following criteria:

(a) The intangible asset under development has achieved technical feasibility that enables it to be used or sold in the future.
(b) The Group has the intention to complete the asset and the capability to use or sell the asset.
(c) The asset will generate economic benefit in the future.
(d) The Group has adequate resource to complete the asset.
(e) Expenditures in the development stage can be measured reliably.

Research and development expenditures are capitalized at initiation using the cost approach, meaning that book value is determined as cost less accumulated amortization and cumulative impairment. This category of assets are subjected to annual impairment tests during the development stage, and are amortized over the duration in which they are expected to generate future benefits, starting from the time development is completed and that the project reaches its usable state.

B. Computer software and line subsidy

Cost of computer software and line subsidy are amortized on a straight-line basis over the estimated useful life.

C. Patent

Patents are amortized over the number of years granted by relevant government agencies.

D. Trademark

Trademarks acquired on a standalone basis are recognized at acquisition cost. Trademarks are finite-life assets, and are amortized on a straight-line basis over the estimated useful life.

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(16) Provisions

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

(17) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted to be paid in espect of service rendered by employees in a period expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded asretained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

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

(18) Revenue recognition

A. Sales of goods

The Group is specialized in the manufacturing and distribution of Containerboard, paperboard and cartons to downstream manufacturers. The sales revenue should be recognized when the control over products is transferred to downstream manufacturers; specifically, products are delivered to downstream manufacturers, who, therefore, will have the discretionary power to decide the marketing channels and prices of products; and the Group does not fail to perform its obligations, which may prevent downstream manufacturers from accepting such products. Once products are delivered to the designated place, the risks of obsolescence and loss thereof will be transferred to downstream manufacturers, who accept products subject to the sales contracts; or if any objective evidence supports that all acceptance criteria are satisfied, it can be considered that commodity delivery is completed.

The sales revenue of Containerboard, paperboard and cartons should be recognized at the contract price less the estimated price reduction. The calculation of the price reduction for downstream manufacturers is generally based on the international market price of pulp in the month of sale. The Group estimates the price reduction by the expectancy method according to the previous experience. The amount of recognized revenue is subject to the revenue, for which no significant reversal will probably occur in the future, and the estimation should be updated on each balance sheet date. The estimated price reduction payable to customers relating to sale as at the balance sheet date is recognized as refund liability. The collection terms for sales expire within 30-180 days upon shipment, which is consistent with the market practice. Thus, it is determined that no significant financing component is included in contracts.

The accounts receivable should be recognized when the commodities are delivered to customers. Since then, the Group will have the unconditional entitlement to the contract price and can receive the consideration from customers after that.

B. Financing component

For any contracts between the Group and downstream manufacturers, no interval from the transfer of commodities or services to downstream manufacturers as promised to downstream manufacturers' payment exceeds one year. Therefore, the Group does not adjust any transaction value to reflect the time value of money.

C. Costs of acquisition of contracts with customers

The incremental costs incurred to the Group for acquiring contracts with customers are recoverable as expected. However, the term of related contracts remains valid within one year. Thus, such costs are recognized as expenses when they are incurred.

(19) Transaction of Share-based Payments

Share-based payments to employees are measured at fair value as of the vesting date. These payments are recognized as employment cost with a corresponding increase in equity in the period when employees become entitled to receive them unconditionally. The amount of remuneration is continually adjusted as service conditions and non-market value vesting conditions are met, and the final amount recognized is determined by the fulfillment of service conditions and non-market value vesting conditions on the vesting date.

Non-vesting conditions of share-based payment have been reflected in fair value assessment on the vesting date, and no adjustment was required for the differences between expected and actual results.

Should the Group decide to reserve part of its cash issue for subscription by employees, the vesting date is determined as the day when the Group is able to confirm number of shares to be subscribed by employees.

(20) Treasury shares

Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(21) Government subsidies

Government subsidies are recognized at fair value when the Group has reasonable assurance towards fulfilling the government's subsidy criteria and receiving the subsidy. For government subsidies that are aimed to reimburse expenses incurred, the Group will recognize government subsidies through current profit and loss in a systematic manner in the period when the relevant expenses are incurred.

(22) Income tax

A. Income tax expenses include current and deferred income tax. Income taxes are recognized in profit and loss, except for certain items that must be recognized in other comprehensive income or presented directly as equity item.

B. The Group calculates current income tax based on statutory tax rate applicable at countries of operation and where it generates taxable income as of the balance sheet date. The management regularly assesses income tax filing based on applicable income tax laws, and estimates income tax liabilities for the estimated amount of tax payable to the authority. Undistributed earnings are subject to additional income tax according to the Income Tax Act. This additional tax is recognized in the year after earning is made, when the earnings appropriation resolution is passed during the shareholder meeting and the amount of earnings retained can be ascertained.

C. Deferred income tax is accounted using the balance sheet method, and recognized on taxable temporary differences between the taxable basis and book value of assets and liabilities shown in the balance sheet. Deferred income tax liabilities arising from initial goodwill are not recognized. Existing deferred income taxes on transacted assets or liabilities (excluding corporate M&A) are not recognized if they do not affect accounting profit or taxable income (taxable loss) at the time of transaction. Temporary differences arising from investment in subsidiaries are not recognized as income tax asset/liability if the Group is able to control the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as of the balance sheet date.

D. Deferred income tax assets are recognized to the extent that temporary differences are likely to offset future taxable income. Unrecognized and recognized deferred income tax assets are re-assessed on each balance sheet date.

E. The Group will offset current income tax asset against current income tax liability and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so. The Group will offset deferred income tax assets against deferred income tax liabilities and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so, and that the deferred income tax assets/liabilities are attributable to the same tax authority and the same taxpayer, or different taxpayers with mutual intent to settle on a netted basis.

F. Unused tax credits arising from equipment or technology purchase, research and development expenditure, and equity investment that are deferred until later periods can be recognized as deferred tax assets, to the extent that the Group is very likely to earn taxable income to offset the unused credits in the future.

(23) Earnings per common share

The Longchen P&P discloses the Longchen P&P' s basic and diluted earnings per share attributable to ordinary shareholders of the Longchen P&P. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Longchen P&P divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Longchen P&P, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(24) Dividend distribution

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Longchen P&P shareholders.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. For the information of critical accounting judgments, estimates and key sources of assumption uncertainty is addressed below:

(1) Critical accounting estimates and assumptions

Investment property

Some of the real estate properties are held by the Group for rental income and capital gain, whereas others are held for self-occupation. Any parts that can be sold individually are separated between investment property and property, plant and equipment.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group estimates sales refund liabilities for sales returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically. As of December 31, 2022, the Group recognized NT$11,359 thousand of refund liabilities for sales returns.

B. Realizability of deferred income tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets. As of December 31, 2022, the Group had deferred income tax assets amounting to NT$634,954 thousand.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2022, the Group carrying amount of inventories was NT$4,640,823 thousand.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

D. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. As of December 31, 2022, the Group carrying amount of net defined benefit liabilities totaled NT$17,799 thoudand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$1,447	$1,561
Bank deposits	1,771,790	1,248,583
Cash equivalents	128,616	264,221
Total	$1,901,853	$1,514,365

A. The Group transacts with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it is expected that the probability of counterparty default is low.

B. Cash equivalents refers to bank acceptance note due within three months from the date of acquisition, whose book value is approximately fair value.

C. As of December 31, 2022 and 2021, there were the bank deposits of NT$8 thousand and NT$8,928 thousand in cash and cash equivalents, respectively. The above deposit were reclassified to other financial assets-current due to restrictions on the use of pledges. Please refer to Note 6(7).

D. The Group's time deposits with an original maturity of more than three months on 31 December 2022 and 2021 amounted to NT$44,080 thousand and NT$62,948 thousand, which were reclassified to be measured at amortized cost financial assets because they were not highly liquid investments. Please refer to Note 6(3).

(2) Financial assets and liabilities at fair value through profit or loss

Assets item	December 31, 2022	December 31, 2021
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$401	$34,961
Beneficiary certificates	-	6,678
Total	$401	$41,639

Assets item	December 31, 2022	December 31, 2021
Non-current:		
Financial assets designated as at fair value through profit or loss		
Unlisted stocks	$6,914	$6,914
Private funds	333,961	217,056
Total	$340,875	$223,970

Liabilities item	December 31, 2022	December 31, 2021
Current:		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate option contracts (refer6(2) B)	$-	$33,311
Forward currency (refer 6(2) C)	-	65,140
Total	$-	$98,451

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss were listed below:

	2022	2021
Financial assets mandatorily measured at fair value through profit or loss	$(17,419)	$1,122
Financial assets designated as at fair value through profit or loss	32,683	(8,364)
Derivative financial liabilities	210,857	(171,881)
Other (refer 6(15) C)	(10,430)	(70)
Total	$215,691	$(179,193)

The evaluation of financial assets at fair value throngh profit or loss in 2022 and 2021, including the actual disposal of profit NT$117,624 thousand and loss NT$(314,516) thousand, respectively.

B. At the end of the reporting period, outstanding exchange rate option contracts not under hedge accounting were as follows:

December 31, 2021

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
USD 5,000	Call /Put	Buy/Sell	111.5.12	USD:CNY 6.5890
USD 5,000	Call /Put	Buy/Sell	111.5.12	USD:CNY 6.5890
USD 3,000	Call /Put	Buy/Sell	111.5.12	USD:CNY 6.5890
USD 5,000	Call /Put	Buy/Sell	111.5.12	USD:CNY 6.5600
USD 5,000	Call /Put	Buy/Sell	111.5.12	USD:CNY 6.5600
USD 5,400	Call /Put	Buy/Sell	111.5.26	USD:CNY 6.5660
USD 5,400	Call /Put	Buy/Sell	111.5.26	USD:CNY 6.5660
USD 5,000	Call /Put	Buy/Sell	111.5.10	USD:CNY 6.5587
USD 5,000	Call /Put	Buy/Sell	111.5.10	USD:CNY 6.5587
USD 5,000	Call /Put	Buy/Sell	111.8.22	USD:CNY 6.6287
USD 5,000	Call /Put	Buy/Sell	111.10.17	USD:CNY 6.5590
USD 5,000	Call /Put	Buy/Sell	111.11.18	USD:CNY 6.5480
USD 5,000	Call /Put	Buy/Sell	111.11.18	USD:CNY 6.5480
USD 3,000	Call /Put	Buy/Sell	111.11.18	USD:CNY 6.5480
USD 5,000	Call /Put	Buy/Sell	111.12.8	USD:CNY 6.5290
USD 3,056	Call /Put	Buy/Sell	111.12.8	USD:CNY 6.5290

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

The Group entered into exchange rate option contracts to manage exposures to exchange rate fluctuations of foreign currency denominated liabilities.

C. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

December 31, 2021

Notional amount		Forward Exchange Rates
USD	17,000	Sell CNY / Buy USD 6.4015 to 6.4373
USD	55,500	Sell CNY / Buy USD 6.5850 to 6.7495
USD	25,000	Sell CNY / Buy USD 6.5566 to 6.75

The Group entered into forward exchange contracts to manage risk exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

D. Information relating to credit risk of financial assets at fair value through profit or loss, please refer to Note 12(2).

(3) Financial assets at amortised cost-current

	December 31, 2022	December 31, 2021
Time deposits with maturity over three months	$44,080	$62,948

Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets at amortised cost were both its book value. Information on financial assets at fair value through profit or loss, please refer to Note 12(2).

(4) Receivables

A. Receivables and non-performing loans

	December 31, 2022	December 31, 2021
Note receivable	$6,445,251	$15,984,629
Note receivable - measured at fair value through profit or loss	(4,093,784)	(11,675,121)
Allowance for doubtful accounts	(5,275)	(5,275)
Total	$2,346,192	$4,304,233

	December 31, 2022	December 31, 2021
Accounts receivable	$6,155,399	$7,337,339
Allowance for doubtful accounts	(189,221)	(275,719)
Subtotal	5,966,178	7,061,620
Accounts receivable - related parties	77,169	258,549
Total	$6,043,347	$7,320,169

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

	December 31, 2022	December 31, 2021
Overdue receivables (presented as other non-current assets)	$177,591	$175,017
Allowance for doubtful accounts	(177,591)	(175,017)
Total	$-	$-

(a) The aging analysis of accounts receivable and Note receivable that were past due but not impaired was as follows:

	December 31, 2022	December 31, 2021
Not past due	$8,220,049	$11,631,617
Up to 30 days	221,283	184,495
31 to 90 days	65,049	436
91 to 180 days	9,584	1,185
Over 181 days	245,661	262,680
Total	$8,761,626	$12,080,413

The above aging analysis was based on past due date.

(b) As at December 31, 2022 and 2021, the Group's discounted Note receivable amounted to NT$4,093,784 thousand and NT$11,675,121 thousand respectively, which were assigned to banks by the Group without recourse factoring. Almost all risks and rewards of Note receivable would be transferred during future transfer. Consequently, they would be derecognized from the balance sheet. The objective of the Group's business model for managing such Note receivable is not collection of contractual cash flows or achieved both by collecting contractual cash flows or selling financial assets. Accordingly, such Note receivable are measured at fair value through profit or loss.

(c) As at December 31, 2022 and 2021, approx. NT$345,975 thousand and NT$1,014,323 thousand were provided as collaterals of short-term loans. Please refer to Note 8 for details.

(d) Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's Note and accounts receivable were both its book value. Information on financial assets at fair value through profit or loss, please refer to Note 12(2).

B. Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$75,013	$22,897
Other receivables - dividend	192,200	192,200
Other receivables - other	5,330	10,252
Allowance for doubtful accounts	-	-
Total	$272,543	$225,349

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

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

	2022	2021
Opening balance	$-	$5,688
Excepted credit recovery gains (impairment loss)	-	(6,085)
Write-offs	-	(43)
Others	-	488
Effects of exchange rate changes	-	(48)
Ending balance	$-	$-

Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's Note and accounts receivable were both its book value.

(5) Inventories

	December 31, 2022	December 31, 2021
Raw materials and supplies	$3,056,680	$4,363,331
Work in progress	26,500	25,923
Finished goods	1,631,561	2,091,115
Allowance for inventory valuation loss	(73,918)	(188,743)
Total	$4,640,823	$6,291,626

Changes in allowance for inventory valuation loss were as follows: :

	2022	2021
Balance on January 1	$188,743	$96,880
Loss (recovery) of net realizable value in the current period	(117,934)	92,492
Effects of exchange rate changes	3,109	(629)
Balance on December 31	$73,918	$188,743

The cost of inventories recognised as expense for the year were as follows:

	2022	2021
Loss on decline in market value(Gain on reversal of decline in market value)	$(117,934)	$92,492
Unallocated manufacturing overhead due to the actual production being lower than the normal capacity	378,451	207,018
Income from sale of scraps	(38,600)	(49,090)
Cost of power and gas sold	19,005	25,351
Others	296,650	186,414
Total	$537,572	$462,185

(6) Prepayments

	December 31, 2022	December 31, 2021
Prepaid insurance expense	$10,962	$11,226
Prepayment for purchases	360,823	653,000
Input VAT tax	1,403,230	2,016,118
Others	143,553	157,591
Total	$1,918,568	$2,837,935

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(7) Other current assets

	December 31, 2022	December 31, 2021
Other financial assets - Current - Restricted deposits (within one year)	$8	$8,928
Other current assets	43,968	63,188
Total	$43,976	$72,116

For restricted deposits (within one year) for which collaterals have been provided as bank loans. Please refer to Note 8 for details.

(8) Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
Investee's name	Amount	Proportion of shareholding Ratio	Amount	Proportion of shareholding Ratio
Long Sheng Investment Co., Ltd.	$1,473,812	43.03	$1,842,106	46.86
Long Hwa Developing Investment Co., Ltd.	491,279	20.84	607,144	20.84
Yuema Engineering Co., Ltd.	598,585	29.66	907,266	31.86
Yuema International Co., Ltd.	341,838	38.82	387,632	38.82
Yuema Investment Co., Ltd.	3,899	20.95	5,118	20.95
Baolong International Co., Ltd.	1,538,163	35.84	2,250,517	35.84
Nanjing Hongcheng Technology Co., Ltd	29,988	49.00	25,433	49.00
Total	$4,477,564		$6,025,216	

A. Long Sheng Investment Co., Ltd. made capital increase in July, 2022. Longchen P&P didn't participate in cash capital increase, therefore, the shareholding percentage was reduced from 46.86% to 43.03%. The impact amount of 9,705 thousand from unproportionately investment was recognized in "Capital Surplus".

B. Longchen P&P granted its stocks of invetsed companies, Long Hwa Developing Investment Co., Ltd. and Yuema Engineering Co., Ltd. to Longchen Circular Economy Environmental Foundation by NT$63,591 thousand and NT$91,608 thousand, respectively, in the end of 2021, the Group's ownership of Long Hwa Developing Investment Co., Ltd. and Yuema Engineering Co., Ltd. were descreased from 22.84% and 34.71% to 20.84% and 31.86%, respectively.

Longchen P&P granted its stocks of invetsed companies, Yuema Engineering Co., Ltd. to Longchen Shan-Yu-Tien Education Foundation by NT$39,582 thousand respectively, in the end of 2022, the Group's ownership of Yuema Engineering Co., Ltd. was descreased from 31.86% to 29.66%.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

C. As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to NT$4,477,564 thousand and NT$6,025,192 thousand, respectively.The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results were summarized below:

	2022	2021
Income tax expense	$(68,528)	$51,037
Profit for the period from continuing operations	$853,262	$339,894
Other comprehensive (loss) income, net of tax	(5,014,697)	952,518
Total comprehensive income	$(4,161,435)	$1,292,412

D. Share of gain from subsidiaries and associated companies accounted using the equity method:

Investee's name	2022	2021
Long Sheng Investment Co., Ltd.	$82,660	$22,392
Long Hwa Developing Investment Co., Ltd.	16,908	7,725
Yuema Engineering Co., Ltd.	30,070	6,715
Yuema International Co., Ltd.	28,150	19,434
Yuema Investment Co., Ltd.	(1,219)	52
Baolong International Co., Ltd.	152,990	65,815
Nanjing Hongcheng Technology Co., Ltd	4,194	3,286
Total	$313,753	$125,419

For the years ended December 31, 2022 and 2021, the share of profit of subsidiaries, associates and joint ventures under equity method which have been audited for the same years were NT$313,753 thousand and NT$125,419 thousand, respectively. Share of profits from investees that did not have financial reports audited by the primary CPA amounted to NT$4,194 thousand in 2022 and NT$3,286 thousand in 2021. As of December 31, 2022 and 2021, outstanding balances of the above long-term equity investments totaled NT$29,988 thousand and NT$25,433 thousand, respectively.

E. The fair value of the Group's joint ventures with quoted market prices is as follows:

	December 31, 2022	December 31, 2021
Baolong International Co., Ltd.	$911,749	$1,117,366

F. The Group is the single largest shareholder of Baolong International Co., Ltd. with a 35.84% equity interest. Based on the previous experience of directors and shareholders' meeting, the Group didn't control 50% directors so it indicates that the Group has no current ability to direct the relevant activities. For the other invested companies, the Group is not the single largest shareholder what has no control, but only has significant influence, over the investee.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(9) Property, plant and equipment

	Land and land improvements	Buildings	Machinery	Transport equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost:								
January 1, 2022	$3,653,071	$10,468,523	$45,194,652	$401,539	$9,767	$2,615,909	$2,891,269	$65,234,730
Additions	1,264	95,643	984,044	31,322	-	29,290	1,690,663	2,832,226
Disposals	-	(87,433)	(683,591)	(15,026)	-	(22,247)	(4,403)	(812,700)
Reclassifications	-	370,904	1,808,473	7,100	-	16,371	(926,209)	1,276,639
Effects of exchange rate changes	21,404	103,452	482,254	4,391	-	36,863	29,684	678,048
December 31, 2022	$3,675,739	$10,951,089	$47,785,832	$429,326	$9,767	$2,676,186	$3,681,004	$69,208,943
January 1, 2021	$3,523,192	$9,517,938	$42,669,418	$419,275	$9,767	$2,605,449	$3,027,884	$61,772,923
Additions	75,156	21,188	122,156	13,375	-	34,689	1,384,527	1,651,091
Disposals	(2,081)	(2,500)	(495,920)	(32,956)	-	(11,251)	(69,435)	(614,143)
Reclassifications	67,363	982,884	3,151,880	4,192	-	5,875	(1,435,090)	2,777,104
Effects of exchange rate changes	(10,559)	(50,987)	(252,882)	(2,347)	-	(18,853)	(16,617)	(352,245)
December 31, 2021	$3,653,071	$10,468,523	$45,194,652	$401,539	$9,767	$2,615,909	$2,891,269	$65,234,730
Accumulated depreciation and impairment:								
January 1, 2022	$217,588	$2,811,744	$15,543,904	$283,380	$9,767	$1,627,676	$-	$20,494,059
Depreciation	46,373	344,116	2,071,386	39,079	-	160,677	-	2,661,631
Disposals	-	(85,882)	(595,675)	(12,028)	-	(15,478)	-	(709,063)
Impairment loss	-	578	114,465	-	-	82	-	115,125
Reclassifications	-	-	(714)	-	-	-	-	(714)
Effects of exchange rate changes	2,969	25,424	155,315	2,872	-	22,063	-	208,643
December 31, 2022	$266,930	3,095,980	$17,288,681	$313,303	$9,767	$1,795,020	$-	22,769,681
January 1, 2021	$175,837	$2,518,437	$14,090,812	$269,260	$9,767	$1,486,913	$-	$18,551,026
Depreciation	45,059	307,411	1,901,067	43,764	-	163,398	-	2,460,699
Disposals	(2,081)	(2,500)	(297,836)	(28,091)	-	(10,553)	-	(341,061)
Reclassifications	-	-	(77,235)	(164)	-	(1,703)	-	(79,102)
Effects of exchange rate changes	(1,227)	(11,604)	(72,904)	(1,389)	-	(10,379)	-	(97,503)
December 31, 2021	$217,588	$2,811,744	$15,543,904	$283,380	$9,767	$1,627,676	$-	$20,494,059
Net carrying amount:								
December 31, 2022	$3,408,809	$7,855,109	$30,497,151	$116,023	$-	$881,166	$3,681,004	$46,439,262
December 31, 2021	$3,435,483	$7,656,779	$29,650,748	$118,159	$-	$988,233	$2,891,269	$44,740,671

A. In 2022, the Group recognized an impairment loss of NT$115,125 thousand for certain machinery and equipment which will not be used and recoverable in the future after evaluation.

B. Some of the property, plant and equipment have been placed as collaterals to secure bank borrowings. Please refer to Note 8 for details.

C. Amount of borrowing costs capitalised as part of intangible assets and the range of the interest rates for such capitalisation were as follows:

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Item	2022	2021
Capitalized amount	$53,699	$93,711
Interest rate collars for capitalization of borrowing costs	0.7347%~4.94%	0.7347%~5.24%

D. The Group’s machinery equipment mainly comprises corrugation machines, printing/ cutting machines, paper machines, and anaerobic wastewater treatment, which are depreciated over 15, 9, 25 and 15 years, respectively.

E. Some of the Longchen P&P’s lands are agricultural lands, which are temporarily held under the names of third parties due to their inability to be transferred. The Group has obtained certificates of entitlement on the lands and arranged for third-party owners to sign affidavits as a form of security.

(10) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and Transportion equipment. Excluding rental land use right made for periods of 50 years,other rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. For short-term leases (ex. land, building and transportation equipments) with a lease term of 12 months or less and low-value assets, the Group didn’t capitalize them as right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge were as follows:

	December 31, 2022	December 31, 2021
Carrying amount		
Land (including land use right)	$1,576,860	$1,434,921
Building	34,573	31,648
Transportion equipment	125,765	93,281
Total	$1,737,198	$1,559,850

	2022	2021
Addition	$288,358	$92,111
Disposals	$15,083	$8,079
Depreciation		
Land (including land use right)	$49,319	$61,304
Building	19,785	16,942
Transportion equipment	44,603	35,555
Total	$113,707	$113,801

Some of the Group’s right-of-use has been placed as collaterals to borrowings. Please refer to Note 8 for details.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

E. Leased Liability

	December 31, 2022	December 31, 2021
Carrying amount		
Current	$79,705	$62,605
Non-current	$119,658	$99,350

(a) The related income impact of lease contract were as follows:

The items of related income were as follows	2022	2021
Interest expense	$3,923	$3,930
Short-term leases	$28,522	$29,085
Low-value leases	$2,481	$1,966
Gain on sublease of right-of-use assets (presented as other incomes)	$5,578	$31,614
Gain on sublease of right-of-use assets (presented as operating revenue)	$522	$17,300
Lease modification gain (loss)	$2,404	$2,282

(b) The cash flow out of lease in 2022 and 2021 were NT$87,515 thousand and NT$74,053 thousand,respectively.

(11) Investment Property

	Land	Buildings	Total
Cost:			
January 1, 2022	$4,493	$5,953	$10,446
December 31, 2022	$4,493	$5,953	$10,446
January 1, 2021	$4,493	$5,953	$10,446
December 31, 2021	$4,493	$5,953	$10,446
Accumulated depreciation:			
January 1, 2022	$-	$3,158	$3,158
Depreciation	-	110	110
December 31, 2022	$-	$3,268	$3,268
January 1, 2021	$-	$3,048	$3,048
Depreciation	-	110	110
December 31, 2021	$-	$3,158	$3,158
Net carrying amount:			
December 31, 2022	$4,493	$2,685	$7,178
December 31, 2021	$4,493	$2,795	$7,288

A. Direct expenses associated with investment property were as follows.:

	2022	2021
Direct expenses incurred in relation to current rent income generated from investment property	$110	$110

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

B. Longchen P&P's did not perform fair value measurement for the fair values of investment properties held. Instead, Longchen P&P merely disclosed fair value information using level 3 input. Fair values of the Longchen P&P's investment properties as of December 31, 2022 and 2021, were NT$14,590 thousand and NT$16,835 thousand, respectively. The abovementioned fair values were established based on the latest deal prices of similar real estate located near the investment properties.

(12) Other non-current assets

	December 31, 2022	December 31, 2021
Prepayment for land	$29,018	$28,597
Prepayment for equipment	1,153,201	1,508,256
Refundable deposits	109,361	124,495
Other non-current assets		
Deferred debits	305,712	305,712
Others	17,658	23,071
Total	$1,614,950	$1,990,131

(13) Short-term loans

	December 31, 2022	December 31, 2021
Unsecured loans	$10,210,836	$8,361,216
Secured loans	-	1,086,000
Total	$10,210,836	$9,447,216
Interest rate collars of ending balance	1.525%-4.98%	1.54%~5.01%
Limit not used	$7,749,498	$6,639,149

The unsecured loans part of the subsidiaries is jointly guaranteed by Longchen P&P; another asset is provided as a collateral guarantee. Please refer to Note 8 for details.

(14) Short-term Note and bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$-	$400,000
Commercial paper discount	-	(231)
Total	$-	$399,769
Interest rate for the end-of-period balance	-%	0.959%~0.960%

(15) Corporate bonds payable

	December 31, 2022	December 31, 2021
Domestic first secured ordinary corporate bonds	$2,500,000	$2,500,000
Less: current portion	(2,500,000)	-
Subtotal	-	2,500,000
Domestic Second secured convertible corporate bonds	700,000	700,000
Less: unamortized premium	(41,674)	(51,699)
Subtotal	658,326	648,301
Total	$658,326	$3,148,301

A. On August 23, 2018. Longchen P&P issued its first secured ordinary corporate bonds and the significant terms of the bonds were as follows:

(a) Issued period: The issuance period is five years,from August 23, 2018 (hereinafter referred to as the “Issuance Date”) to August 23, 2023 (hereinafter referred to as the “Maturity Date”).

(b) Total amount of issuance: NT$2,500,000 thousand , i.e. NT$1,000 thousand per coupon, at par value;

(c) Coupon rate: 0.85% of fixed annual rate;

(d) Interest calculation and payment: annual payment with a coupon rate as of the issue date; simple interest is payable annually;

(e) Principal repayment schedule: repay on the expiry date five years later as of the issue date.

B. On December 20, 2021. Longchen P&P issued its second secured convertible corporate bonds and the significant terms of the bonds were as follows:

(a) Issuance period: The issuance period is 5 years, from December 20, 2021 (hereinafter referred to as the “Issuance Date”) to December 20, 2026. (hereinafter referred to as the “Maturity Date”).

(b) Total issuance: The total denomination is NT$700,000 thousand, each with a denomination of NT$100 thousand, which is issued at 108.58% of the par value, and the total issuance amount is NT$760,058 thousand.

(c) Bond coupon rate: The coupon rate is 0% per annum.

(d) Repayment method: Except that the holder of the convertible corporate bonds converts into ordinary shares of Longchen P&P, or exercises the right of call option, or Longchen P&P implements the right to redeem bonds, or Longchen P&P’s repurchase and cancellation by Longchen P&P’s business office of a securities firm, Longchen P&P shall, within ten business days after the maturity date of the convertible corporate bonds, convert the denomination of the bonds to the convertible bonds held by Longchen P&P’s convertible corporate bond holders. Corporate bonds are repaid in cash in one lump sum.

(e) Guarantee situation: The converted corporate bonds are unsecured bonds. However, if Longchen P&P issues or privately sells other secured corporate bonds with warrants or convertible bonds after the issuance of the convertible corporate bonds, the convertible corporate bonds will also be compared with the guaranteed stock option attached corporate bonds or the secured convertible corporate bonds., establish a creditor's right of the same level or a security interest of the same order.

(f) Conversion subject: Longchen P&P’s ordinary shares, and the conversion obligation shall be fulfilled by issuing new shares.

(g) Conversion period: Bondholders may start from the day following the expiry of three months after the issue date of this convertible corporate bond (March 21, 2022) and end on the maturity date (December 20, 2026). Except (1) the period during which the transfer of ordinary shares is suspended in accordance with the law; (2) the period from the 15 business days before the date of the suspension of the transfer of Longchen P&P’s free allotment of shares, the date of the suspension of the transfer of cash dividends, or the date of the suspension of the transfer of cash capital increase subscriptions to the base date of rights distribution ; (3) from the capital reduction base date for capital reduction to the one day before the trading day before the capital reduction and exchange of stocks; (4) the starting date for the suspension of conversion (subscription) for changing the denomination of the stocks to the one day before the trading day before the new stock exchange stock starts. In addition, at any time, through the trading brokerage, the Taiwan Central Depository and Clearing House Co., Ltd. may be notified to Longchen P&P’s stock agency to request the conversion of the convertible corporate bonds held by Longchen P&P in accordance with these regulations.

(h) Conversion price and its adjustment: The conversion price of this convertible corporate bond is determined by the 1, 3 and 5 days before the base date of ordinary shares’ closing price. The base date of conversion price of this convertible corporate bond is November 30, 2022. The simple arithmetic average of the closing price of the ordinary shares of Longchen P&P in the operating day shall be selected as the benchmark price, and then multiply the benchmark price by 107% as the basis for calculating the conversion price (to the nearest New Taiwan Dollar, rounded up below). If there is an ex-rights or ex-dividend before the pricing base date, the closing price that is sampled to calculate the conversion price should be calculated as the ex-right or ex-dividend price first; Ex-dividends shall be adjusted according to the conversion price adjustment formula. According to the above method, the conversion price at the time of issuance is NT$26.20 per share. After the issuance of the convertible corporate bonds, except for the issuance (or private placement) of various securities with ordinary share conversion rights or stock options by Longchen P&P to exchange for ordinary shares, or for issuance of new shares due to employee compensation, in case of (1) when Longchen P&P 's issued (or privately placed) ordinary shares increase; (2) when allotment of ordinary stock cash dividends; (3) when the conversion or subscription price is lower than the current price per share (private placement) with ordinary stock conversion (4) when there is a reduction in ordinary shares not due to cancellation of treasury shares, the conversion price will be calculated and adjusted according to the formula stipulated in the conversion regulations, and the Securities Trading Center will be notified by letter. On July 11, 2022, in accordance with the conversion rules for the 2nd secured convertible corporate bonds, the conversion price was adjusted to NT$24.40 due to cash dividend distribution.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(i) Right of redemption: The convertible corporate bonds will start from the day following the three-month issuance period (March 21, 2022) and end forty days before the expiration of the issuance period (November 10, 2026). If one of the following conditions is met, Longchen P&P may withdraw the convertible corporate bonds in accordance with the issuance and conversion regulations: (1) the closing price of Longchen P&P's ordinary shares on the Securities Trading Center has exceeded the current conversion price by more than 30 consecutive business days. 30%. (2) when the outstanding balance of the convertible corporate bonds is less than NT$70,000 thousand (10% of the original issued total). Longchen P&P will recover the convertible corporate bonds held by it in cash within five business days after the bond recovery base date at the bond face value.

(j) Sell-back (Call) right: The date when the convertible corporate bond is issued for three years (December 20, 2024) is the base date for the convertible corporate bond holders to sell back the convertible corporate bond in advance. The holders of the convertible corporate bonds may request Longchen P&P to add interest compensation to the bond face value, which is 100.7519% of the bond face value (the real yield is 0.25%) after three years, and redeem the bonds held by them in cash. Longchen P&P accepts the sell-back request and shall redeem the convertible corporate bonds in cash within five business days after the sell-back base date.

C. The above-mentioned converted corporate bonds include the equity of the conversion right and the asset component of the right to sell back. The equity component is expressed as capital reserve-stock options under the equity item, and the asset components are respectively classified as embedded derivative financial products and non-derivative assets. The converted corporate bonds embedded in derivative financial products was assessed at fair value NT$2,559 thousand as of December 31, 2021. The details of the amount of related equity, liabilities and profits and losses of its convertible corporate bonds are as follows:

	December 31, 2022	December 31, 2021
Embedded derivative financial products - put option (recognized under "Financial assets at fair value through profit or loss")	$13,059	$2,629
Capital reserve-stock options under the equity item (recognized under "Capital Surplus")	$104,215	$104,215

	2022	2021
Embedded derivative instruments - call and put rights, including net gain of evaluation in financial asset and liabilities	$(10,430)	$(70)
Interest expense	$10,025	$-

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

D. Some of the Longcchen P&P other financial assets and property, plant and equipment have been placed as collaterals to ordinary corporate bonds. Please refer to Note 8 for details.

(16) Long-term loans

A. Statement of long-term loans:

Nature of loan	Lender	Contract term	December 31, 2022	December 31, 2021	Repayment terms
Secured loan	First Bank (the 16th (1) syndicated loan)	From October 2016 to October 2026	$-	$7,346,214	Principal had been paid.
Secured loan	First Bank (the 16th (2) syndicated loan)	From August 2018 to August 2024	-	2,503,444	Principal had been paid.
Secured loan	First Bank (the 18th syndicated loan)	From May 2019 to May 2022	-	2,396,635	Principal had been paid.
Secured loan	First Bank (the 19th syndicated loan)	From November 2019 to November 2026	2,310,691	2,704,000	Please refer to Note 6(16)B for details.
Secured loan	First Bank (the 20th syndicated loan)	From November 2019 to November 2022	-	1,619,298	Principal had been paid.
Secured loan	First Bank (the 21th syndicated loan)	From June 2020 to June 2025	3,840,000	1,600,000	Please refer to Note 6(16)B for details.
Commercial paper	First Bank (the 21th syndicated loan)	From June 2020 to June 2025	-	2,397,292	Principal had been paid.
Unsecured loan	First Bank (the 22th syndicated loan)	From September 2020 to September 2025	440,932	898,540	Please refer to Note 6(16)B for details.
Unsecured loan	Shin Kong Bank (the 23th syndicated loan)	From March 2021 to March 2026	460,103	414,711	Please refer to Note 6(16)B for details.
Unsecured loan	First Bank (the 24th syndicated loan)	From November 2021 to November 2026	1,656,370	1,492,670	Please refer to Note 6(16)B for details.
Unsecured loan	Shink Kong(the 25th syndicated loan)	From April 2022 to April 2027	1,498,720	-	Please refer to Note 6(16)B for details.
Secured loan	First Bank (the 26th syndicated loan)	From April 2022 to April 2025	2,901,417	-	Please refer to Note 6(16)B for details.
Unsecured loan	Shanghai Bank (the 27th syndicated loan)	From December 2022 to December 2025	1,144,794	-	Please refer to Note 6(16)B for details.
Secured loan	Land Bank of Taiwan(the 28th syndicated loan)	From November 2022 to November 2025	2,812,618	-	Please refer to Note 6(16)B for details.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Nature of loan	Lender	Contract term	December 31, 2022	December 31, 2021	Repayment terms
Secured loan	Land Bank of Taiwa (the 29th syndicated loan)	From November 2022 to November 2027	7,061,748	-	Please refer to Note 6(16)B for details.
Unsecured loan	First Bank	From June 2021 to June 2023	200,000	200,000	Monthly interest payment, principal repayment at expiry date.
Secured loan	First Bank	From July 2022 to July 2029	138,000	-	Monthly interest payment, principal repayment at expiry date.
Secured loan	Yuanta Bank	From October 2019 to October 2026	729,250	210,000	The principal for the first installment should be repaid on the date when a loan has been issued for the first time 3 years ago, and subsequent principal repayment should be made on a monthly basis after the loan has been issued for the first time, and subsequent interest should be paid on a monthly basis.
Unsecured loan	Yuanta Bank	From March 2021 to March 2024	137,000	400,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Yuanta Bank	From May 2021 to May 2024	400,000	400,000	Monthly interest payment, principal repayment at expiry date.
Secured loan	HuaNan Bank	From December 2019 to December 2029	665,600	665,600	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	The Export-Import Bank of the Republic of China	From April 2017 to April 2022	-	30,000	The principal for the first installment should be repaid on the date when a loan has been issued for the first time since 6months ago, and subsequent principal repayment should be made per six months, i.e. 10 installments. The interest should be paid on the following day (i.e. the 21st day) after the loan has been issued for the first time, and subsequent interest should be paid on three monthly basis.
Unsecured loan	The Export-Import Bank of the Republic of China	From May 2021 to May 2026	253,560	90,660	The first principal repayment is due 36 months after the first drawdown, whereas subsequent repayments occur once every months. Balances outstanding at the end of the drawdown period scheduled to be repaid 24 equal installments.
Secured loan	The Export-Import Bank of the Republic of China	From June 2021 to June 2023	200,000	200,000	Monthly interest payment, principal repayment at expiry date.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Nature of loan	Lender	Contract term	December 31, 2022	December 31, 2021	Repayment terms
Unsecured loan	Far Eastern International Bank	From November 2021 to November 2024	500,000	500,000	Monthly interest payment, the first principal repayment is due 15 months after the first drawdown, whereas subsequent repayments occur once every 3 months. Balances outstanding at the end of the drawdown period scheduled to be repaid over 8 equal installments.
Unsecured loan	East Asia Bank	From April 2021 to April 2024	200,000	-	Monthly interest payment, principal had been paid.
Unsecured loan	Entie Commercial Bank	From April 2022 to April 2024	150,000	-	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	E.SUN BANK	From June 2022 to June 2024	200,000	-	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	Taishin Bank	From July 2021 to July 2022	-	200,000	Monthly interest payment, principal repayment at expiry date.
Unsecured loan	JihSun Commercial Bank	From April 2021 to April 2023	-	400,000	Monthly interest payment, principal repayment at expiry date.
Secured loan	Taiwan Cooperative Bank	From January 2019 to January 2026	108,437	124,239	Employed from January 2019; 1st installment starts upon the first 24 months, and each subsequent installment starts per 6 months, total 9 months, 1 st -6th payment CNY2,000 thousand, 5th - 10th payment CNY8,000 thousand, 11th payment CNY14,000 thousand.
Secured loan	Land Bank of Taiwan	From January 2017 to January 2023	-	80,062	Employed from January 2017; 1st installment starts upon the first 30 months, and each subsequent installment starts per 6 months; principal repayment in 8 installments.
Unsecured loan	Bank of China	From January 2022 to December 2026	163,506	-	Since December 2023, the first installment has been repaid, and every six months is an installment, and the principal is evenly amortized in seven installments.
Unsecured loan	Ningbo Bank	From Augest 2022 to February 2024	176,320	-	Quarterly interest payment, principal repayment at expiry date.
Unsecured loan	KGI Bank	From October 2022 to April 2024	273,296	-	Quarterly interest payment, principal repayment at expiry date.
Long-term loans due within one year			(3,801,649)	(9,955,406)	
Total			$24,820,713	$16,917,959	
Interest rate collars of ending balance			1.3905%-7.632%	0.7347%~5.4625%	
Limit not used			$5,223,711	$1,286,000	

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

B. Key terms of the abovementioned syndicated loan contracts

Summary	The 19th syndicated loan	The 21th syndicated loan
Lead arranger / management bank	First Bank Ltd.	First Bank Ltd.
Bank syndicate	5 lenders including First Commercial Bank Ltd.	11 lenders including First Bank Ltd.
Credit limit	Facilitate A: Medium (secured) loan; NT$530,100 thousand credit limit; non- circulating. Facilitate B1: Medium (secured) loan; NT$1,402,200 thousand credit limit; non- circulating. Facilitate B2: Medium loan; NT$461,700 thousand credit limit; non- circulating. Facilitate C: Medium loan; NT$532,000 thousand credit limit; non- circulatin.	Facilitate A: Medium (secured) loan; NT$1,600,000 thousand credit limit; non-circulating. Facilitate B: Medium loan; NT$2,400,000 thousand credit limit; circulating within the loan tenor. Facilitate C: Medium commercial paper: NT$2,400,000 thousand credit limit; non- circulating.
Utilization	Facilitate A: NT$386,255 thousand Facilitate B1: NT$1,180,980 thousand Facilitate B2: NT$290,545 thousand Facilitate C: NT$452,909 thousand	Facilitate A: 1,440,000 thousand Facilitate B: 2,400,000 thousand Facilitate C: 0 thousand
Loan tenor	7 years from the first drawdown 2019.11.15-2026.11.15	5 years from the first drawdown 2020.6.16- 2025.6.16
Interest rate	Facilitate A: 1.7053% Facilitate B1: 1.7053% Facilitate B2: 1.7053% Facilitate C: 1.7053%	Facilitate A: 1.7895% Facilitate B: 1.9903%-2.0572% Facilitate C: -%
Collateral	Land and related plant located in Changhua	Land and related plant located in Taoyuan Zankan.
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2023.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lenders.	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2123.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender
Repayment terms	The first principal repayment is due 2.5 years after the first drawdown, whereas subsequent repayments occur once every 1 months. Balances outstanding at the end of the drawdown period scheduled to be repaid over 55 equal installments.	Facilitate A: The first principal repayment is due 2 years after the first drawdown, whereas subsequent repayments occur once every 6 months. Balances outstanding at the end of the drawdown period scheduled to be repaid over 7 equal installments. Facilitate B and C: The principal repayment is made in the expirary date of the loan.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Summary	The 22th syndicated loan	The 23th syndicated loan
Lead arranger / management bank	First Bank Ltd.	Shin Kong Bank Ltd.
Bank syndicate	8 lenders including First Bank Ltd.	3 lenders including Shin Kong Bank Ltd.
Credit limit	Medium-term (fiduciary) loan; equivalent to USD 32,500 thousand; in installment but no revolver.	Medium-term (fiduciary) loan; equivalent to USD 15,000 thousand; in installment but no revolver.
Utilization	USD 14,375 thousand	USD 15,000 thousand
Loan tenor	5 years from the first drawdown 2020.9.9- 2025.9.9	5 years from the first drawdown 2021.3.5- 2026.3.4
Interest rate	7.597%	7.632%
Collateral	None.	None.
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2123.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2123.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender
Repayment terms	The first installment will be repaid on the day of 24 months from September 2020, and thereafter, every twelve months will be divided into four installments and amortized equally.	The first installment will be repaid on the day of 24 months, and thereafter, every twelve months will be divided into four installments and amortized equally.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Summary	The 24th syndicated loan	The 25th syndicated loan
Lead arranger / management bank	First Bank Ltd.	Shin Kong Bank Ltd.
Bank syndicate	8 lenders including First Bank Ltd.	7 lenders including Shin Kong Bank Ltd.
Credit limit	Facilitate A: Medium-term (fiduciary) loan; credit line - CNY 360,000 thousand; no revolver; the common credit line for that in Paragraph B shall not exceed an amount equivalent to CNY 360,000 thousand (hereinafter referred to as “Common Credit Line for A and B”). Facilitate B: Medium-term loan; credit line – USD 54,000 thousand; revolver; the common credit line for that in Paragraph A shall not exceed the common credit line for A and B.	Facilitate A: Medium-term (fiduciary) loan; credit line – USD 54,000 thousand; no revolver; the common credit line for that in Paragraph B shall not exceed an amount equivalent to USD 54,000 thousand (hereinafter referred to as “Common Credit Line for A and B”). Facilitate B: Medium-term loan; credit line – CNY 360,000 thousand; revolver; the common credit line for that in Paragraph A shall not exceed the common credit line for A and B.
Utilization	Facilitate A: CNY 0 thousand Facilitate B: USD 54,0000 thousand	Facilitate A: USD 0 thousand Facilitate B: CNY 340,000 thousand
Loan tenor	5 years from the first drawdown 2021.11.5-2026.11.5	5 years from the first drawdown 2022.4.14-2027.4.14
Interest rate	Facilitate A: -% Facilitate B:7.18%%	Facilitate A: 3.596% Facilitate B: 3.9258%
Collateral	None.	None.
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦210% (2022.1.1~2022.12.31) Leverage ratio≦200% (After 2123.1.1) Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦220% Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.
Repayment terms	The 1st installment period shall start from the first employment date to the day when the 30th month expires; every six months subsequently shall be regarded as one installment period and there shall be six installment periods in total. The repayment term and rates are as follows: Repayment date — Rate The 30th month after the first employment date — 5% The 36th month — 5% The 42 th month — 5% The 48 th month — 5% The 54 th month — 5% The 60 th month — 75%	The 1st installment period shall start from the first employment date to the day when the 30th month expires; every six months subsequently shall be regarded as one installment period and there shall be six installment periods in total. The repayment term and rates are as follows: Repayment date — Rate The 30th month after the first employment date — 5% The 36th month — 5% The 42 th month — 5% The 48 th month — 5% The 54 th month — 5% The 60 th month — 75%

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Summary	The 26th syndicated loan	The 27th syndicated loan
Lead arranger / management bank	First Bank Ltd.	Shanghai Bank
Bank syndicate	8 lenders including First Bank Ltd.	3 lenders including Shanghai Bank
Credit limit	Medium loan; CNY 660,000 thousand secured limit.	Medium loan; CNY 300,000 thousand credit limit.
Utilization	CNY 660,000 thousand	CNY 260,000 thousand
Loan tenor	3 years from the first drawdown 2022.4.14-2025.4.14	3 years from the first drawdown 2022.12.23-2025.12.23
Interest rate	4.75%	4.29%-4.85%
Collateral	Properties, plants, equipment and right to use lands of subsidiaries in China	None
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦220% Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦220% Interest coverage ratio≧250% Tangible net worth≧100 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.
Repayment terms	The 1st installment period shall start from the first employment date to the day when the 12th month expires; every six months subsequently shall be regarded as one installment period and there shall be five installment periods in total. The repayment term and rates are as follows: Repayment date — Rate The 12th month after the first employment date — 5% The 18th month — 5% The 24th month — 8% The 30th month — 10% The 36th month — 72%	The 1st installment starts upon; every six months subseguently shall be regarded as one installment period and there shalle eiqht nstallment periods in total 1st-3 th payment 1,000 thousand; 4th -7th 20,560 thousand; 8th payment 174,760 thousand.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Summary	The 28th syndicated loan	The 29th syndicated loan
Lead arranger / management bank	Land Bank of Taiwan	Land Bank of Taiwan
Bank syndicate	7 lenders including Land Bank of Taiwan.	5 lenders including First Commercial Bank Ltd.
Credit limit	Medium-term (fiduciony) loans; equivalent to CNY 720,000 thousand; in installment but no redolver.	Facilitate A: Medium (secured) loan; USD$1,360,000 thousand credit limit; non-circulating. Facilitate B: Medium (secured) loan; CNY$550,000 thousand credit limit; non- circulating. Facilitate C: Medium loan; CNY$550,000 thousand credit limit; non- circulatin.
Utilization	CNY 640,000 thousand	CNY1,614,000 thousand
Loan tenor	3 years from the first drawdown 2022.11.21-2025.11.21	5 ears from the first drawdown 2022.11.27-2027.11.27
Interest rate	4.35%	Facilitate A: 4.63% Facilitate B: 4.63% Facilitate C: 4.5%
Collateral	Properties, plants, equipment and right to use lands of subsidiaries in China	Properties, plants, equipment and right to use lands of subsidiaries in China
Commitments	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦220% Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.	Current ratio≧100% (Current liabilities in the denominator exclude current portion of long-term liability maturing in one year) Leverage ratio≦220% Interest coverage ratio≧250% Tangible net worth≧150 million Financial ratios are based on semi-annual and annual consolidated financial reports. If a Group is unable to meet the financial ratio requirements, improvements are to be made before the next financial report date. Borrower is not considered to be in default if improvements are made. Borrower is considered to be in default if improvements are not made, in which case, a default charge shall accrue at 0.10% per annum on principal balance outstanding as of the date of financial report (i.e., the first financial report that the borrower fails to meet the financial ratios and standards) for the number of days starting from the day the financial covenant is breached until one day before the financial ratios and standards are met. This default charge is to be paid to the management bank, which will be further distributed to syndicated lender.
Repayment terms	The 1st installment period shall start from the first employment date to the day when the 12 month expires; every six months subsequently shall be regarded as one installment period and there shall be five installment periods in total. The repayment term and rates are as follows: Repayment date — Rate The 12th month after the first employment date — 6% The 18th month — 6% The 24th month — 8% The 30th month — 8% The 36th month — 72%	Facilitate A:The 1st installment period shall start from the first employment date to the day when the 6th month expires; every six months subsequently shall be regarded as one installment period and there shalle eiqht installment periods in total .1st-2th 3% ; 3th -7th 5%; 8th-9th 10%; 10th 49% . Facilitate B: The 1st installment period shall start from the first employment date to the day when the 24th month expires; every six months subsequently shall be regarded as one installment period and there shalle six installment periods in total .1st-3th 5% ; 4th -5th 10%; 6th 65% . Facilitate C: Monthly interest payment, principal repayment at expiry date.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

C. The Group's interest coverage ratio calculated based on 2022 consolidated financial statement is not met the criteria of the commitment of syndicated loan contracts.

D. The Group has provided other financial assets, properties, plants and equipment as collaterals of long-term loans. Please refer to Note 8 for details.

(17) Refund liability- current

	January 1, 2022	Additions in current period	Reversals in current period	Effect of foreign exchange	December 31, 2022
Onerous Contracts	$83,230	$-	$(84,495)	$1,265	$-

	January 1, 2021	Additions in current period	Reversals in current period	Effect of foreign exchange	December 31, 2021
Onerous Contracts	$-	$83,157	$-	$73	$83,230

A. The loss provision for onerous contracts refers to some coal purchase contracts signed by the Group. Since the expected economic benefits from the contract are expected to be lower than the unavoidable costs incurred in fulfilling the contract obligations, the expected loss is recognized as provision. This estimate is reversed when the contract is completed.

B. The above provision is not discounted because they are short-term or have little impact on discounting.

(18) Refund liability - current

Longchen P&P estimates sales returns and allowances based on the previous experience and other reasons already known. Such sales returns and allowances are regarded as decrease in sales revenue and recognized into refund liability related to product return.

	January 1, 2022	Additions in current period	Reversals in current period	December 31, 2022
Sales return and discount - current	$20,812	$153,737	$163,190	$11,359

	January 1, 2020	Additions in current period	Reversals in current period	December 31, 2020
Sales return and discount - current	$13,936	$139,619	$132,743	$20,812

(19) Pensions

A. Defined benefit plans

(a) Longchen P&P has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Longchen P&P contribute monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, Longchen P&P would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, Longchen P&P will make contributions for the deficit by next March.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(b) Amounts recognized in the standalone balance sheet were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$19,331	$147,104
Fair value of plan assets	(1,532)	(96,267)
Net defined benefit liabilities - non-current	$17,799	$50,837

(c) Changes in present value of defined benefit obligation were as follows :

	2022	2021
Balance at January 1	$147,104	$146,109
Current service cost	2,218	2,605
Interest costs	809	1,169
Remeasurements		
Acturial losses (gains) - Change in financial assumptions	(409)	1,476
Acturial losses (gains) - Experience adjustments	(666)	5,129
Settlements	(21,612)	-
Benfit paid by the plan	(108,113)	(9,384)
Balance at December 31	$19,331	$147,104

(d) Changes in the fair value of plan assets were as follows:

	2022	2021
Fair value of plan assets on January 1	$96,267	$97,989
Interest income	546	863
Remeasurement		
Return on plan assets (excluding net interests on net defined benefit liabilities)	7,611	830
Contribution by employer	5,221	5,969
Benefits paid from plan assets	(108,113)	(9,384)
Fair value of plan assets as of December 31	$1,532	$96,267

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(e) Changes in net defined benefit liability were as follows:

	2022	2021
Net defined benefit liability as of January 1	$50,837	$48,120
Defined benefit costs recognized in profit and loss	2,481	2,911
Settlements	(21,612)	-
Contribution by employer	(5,221)	(5,969)
Defined benefit costs recognized in other comprehensive income	(8,686)	5,775
Net defined benefit liability as of December 31	$17,799	$50,837

(f) Details of pension expense (income) recognized in the statement of comprehensive income were as follows:

	2022	2021
Current service costs	$2,218	$2,605
Interest cost of defined benefit obligation	809	1,169
Interest income on plan assets	(546)	(863)
Pension cost for the current period	$2,481	$2,911

Presentation of the above expenses in the standalone statement of comprehensive income, by cost and expense categories were as follows:

	2022	2021
Operating costs	$1,743	$2,083
Selling expenses	116	164
General and administrative expenses	622	664
	$2,481	$2,911

(g) Remeasurement of defined benefit plan recognized in other comprehensive income were as follows:

	2022	2021
Remeasurement		
Return on plan assets (excluding net interests on net defined benefit liability)	$(7,611)	$(830)
Change in financial assumption	(409)	1,476
Experience adjustments	(666)	5,129
Recognized in other comprehensive income	$(8,686)	$5,775

(h) The Bank of Taiwan was commissioned to manage the Fund of the Longchen P&P's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. Longchen P&P and domestic subsidiaries have no right to participate in managing and operating that fund and hence Longchen P&P and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021, is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(i) Actuarial assumptions for the pension calculation were as follows:

	2022	2021
Discount rate	1.25%	0.55%
Rate of future salary increase	1.00%	1.00%

The mortality is estimated according to the "Taiwan Standard Ordinary Experience Mortality Table" (TSO).

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations:

	Discount rate		Rate of future salary increase	
	0.25% increase	0.25% decrease	1.00% increase	1.00% decrease
December 31, 2022				
Defined benefit obligations	$(141)	$146	$621	$(570)
December 31, 2021				
Defined benefit obligations	$(1,476)	$1,517	$6,287	$(5,763)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net defined benefit liabilities-net are presented in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

(j) Longchen P&P expects to make contributions totaling NT$0 to the pension plan within the one year after December 31, 2022.

(k) As of December 31, 2022, the pension plan had an average duration of 7.3 years.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

B. Defined contribution plans

(a) Longchen P&P and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, Longchen P&P and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of Longchen P&P for the years ended December 31, 2022 and 2021, were NT$36,838 thousand and NT$33,110 thousand, respectively.

(b) L&C, Long Chen Paper (China), Long Chen Investment, Packaging, Trading, Kunshan Longzhong and Hong Kong Long Chen are holding companies, so no employment pension plan is made.

Longchen P&P's subsidiaries in China are subject to the endowment insurance system established by the People's Republic of China. Longchen P&P contributes monthly an amount of pension insurance based on a certain ratio of the employees' monthly total salaries and wages; 14%-16% (depending on the employees' places of household registration) of the employees' special account deposits are contributed monthly to the employees' independent accounts. The employees' monthly pensions are uniformly arranged by the government. Furthermore, Long Chen Paper Japan amd Metis contributes monthly pensions based on a specific ratio of the local employees' monthly total salaries and wages; the aforesaid company bears no further obligation except such monthly contributions. Under the defined contribution plan, Longchen P&P's subsidiaries in China recognised pension expense of NT$122,717 thousand and NT$112,240 thousand for the years ended December 31, 2022 and 2021, respectively.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were NT$159,555 thousand and NT$145,350 thousand, respectively.

Presentation of the above expenses in the standalone statement of comprehensive income, by cost and expense categories was as follows.

	2022	2021
Operating costs	$86,563	$79,551
Selling expenses	30,297	26,345
General and administrative expenses	21,315	18,747
Research and development expenses	21,380	20,707
	$159,555	$145,350

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(20) Capital stock and capital increase

	December 31, 2022	December 31, 2021
Authorized shares (thousand)	1,500,000	1,500,000
Authorized capital	$15,000,000	$15,000,000
Shares issued and fully paid up (thousand)	1,327,686	1,277,686
Issued share capital	$13,276,857	$12,776,857

The outstanding share capital above consists entirely of common shares, which have been approved for issue.

The Longchen P&P's board of directors decided to issue 50,000,000 common shares in the form of proceeds from new issues on August 12, 2022, with the par value of NT$10 per share, the issue price of NT$14.5 per share. As a result, NT$500,000 thousand was raised in total, and the premium of NT$225,000 thousand was reclassified as capital surplus - share premium. Such fund was necessary to refund bank loans and improve the financial structure. The details of capital increase are provided below:

Base date of capital increase	Nature	Increased amount	Number of shares for capital increase	Number of competent authority's approval
December 12, 2021	Proceeds from new issues	NT$500,000 thousand	50,000 thousand shares	FSC No.11230004490

In 2022, the Longchen P&P allocated ten percent (10%) of the number of shares issued this time as employee stock options because of the aforesaid proceeds from new issues, and the fair value thereof was evaluated on the grant date. The retained compensation cost from employee stock ownership was recognized the amount of NT$4,597 thousand as the capital surplus - employee stock ownership after at December 31, 2022. The completion of payment in January, 2023 it will be transferred to "Capital surplus - share premium".

(21) Capital surplus

	December 31, 2022	December 31, 2021
Share premium	$2,549,946	$2,324,946
Premium from corporate bond conversion	767,352	767,352
Treasury stock	494,993	494,993
Difference between actual and book value of equity of subsidiaries acquired/disposed	342,579	342,579
Change of equity interest in subsidiaries	20,539	20,539
Net change of equity interest in associated companies	522	10,227
Equity component of convertible bonds recognized in stock option	104,215	104,215
Equity component of convertible corporate bonds payable - knock-out option	450	450
Employee option	47,914	43,317
Expried employee option	14,960	14,960
Total	$4,343,470	$4,123,578

Pursuant to the Company Act, the amount of premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed to shareholders in the form of cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount of capital reserves converted into share capital is capped at 10% of paid up capital per year. Companies may not, however, utilize capital reserves to offset losses when there is still positive balance in the earning reserves.

(22) Retained earnings

A. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

B. Special reserve

Pursuant to the rules imposed by the Securities and Futures Bureau, Financial Supervisory Commission, TWSE/TPEX listed companies are required not only to make provisions for legal reserve according to legal requirements, but also to make provisions for special reserve from current year's after-tax earnings and undistributed earnings from previous years for any change in other equity items occurred during the year, such as unrealized gains/losses on available-for-sale financial assets, cumulative translation adjustments etc, as specified in Article 41 of the Securities and Exchange Act. Contra equity items accumulated from previous periods require provision for special reserve of equivalent amount from undistributed earnings. This special reserve is unavailable for distribution. If contra equity items are reversed on a later date, a company may distribute the amount of reversal back to shareholders.

Longchen P&P complies with FSC Explanation Order No.1090150022 issued on March 31, 2021: upon the first-time adoption of IFRS, on the transition date, for the booked unrealized revaluation increase and aggregated adjustment interest, since the exemption of IFRS 1 “First-time Adoption of IFRS” is transferred into retained earnings, the special reserve shall be recognized. Where relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

C. Dividend policy

Longchen P&P may distribute earnings or offset losses after the end of each half-year in accordance with the provisions of the earnings distribution policy in the Longchen P&P's articles and the related law. According to the Longchen P&P's articles of association, if the Company has the profit in the annual fiscal year resolution, it should first set aside the tax amount to offset the loss of the previous year, and then withdraw 10% as the statutory surplus reserve. If there is any remaining balance, together with the accumulated undistributed surplus, the board of directors will have a distribution plan and submit it to the shareholders meeting for approval.

Longchen P&P's dividend policy, depending on the current and future development plans, investment environment, capital needs and domestic and foreign competition conditions, and consider the interests of shareholders and other factors, will allocate no less than 20% of the distributable earning every year for distribution. Shareholders' dividends and dividends shall be distributed in cash or stocks, of which cash dividends shall not be less than 50% (inclusive), and the rest shall be stock dividends. When the Company has investment, new construction, reconstruction, expansion or capital needs, the annual dividends that should be distributed may all be distributed in the form of stock dividends.

D. Earnings appropriation plan

(a) The Board of Directors had resolved the proposal for earnings distribution of the year of 2021 and 2020, including the end of first half year of 2021 and 2020, respectively. The proposals had approved by the shareholders' meeting held on June 8, 2022, and July 12, 2021, respectively. The detail were as below:

	For the year ended 2021		For the first half year of 2021	
	Board resolution	Dividends per share (dollar)	Board resolution	Dividends per share (dollar)
Board resolution date	March 11, 2022		August 13, 2021	
Legal reserve	$256,305		$-	
Cash dividend	$1,533,223	$1.20	$-	$-

	For the year ended 2020		For the first half year of 2020	
	Board resolution	Dividends per share (dollar)	Board resolution	Dividends per share (dollar)
Board resolution date	March 12, 2021		August 14, 2020	
Legal reserve	$93,778		$-	
Cash dividend	$766,612	$0.6	$-	$-

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(b) The Board of Directors had resolved the proposal for distribution of the year of 2022, including the end of first half year of 2022. The proposals are to be presented in the Longchen P&P' s shareholders' meeting to be held on May 31, 2023. The detail were as below:

	For the year ended 2022		For the first half year of 2022	
	Board resolution	Dividends per share (dollar)	Board resolution	Dividends per share (dollar)
Board resolution date	March 10, 2023		August 12, 2022	
Legal reserve	$-		$-	
Cash dividend	$331,412	$0.25	$-	$-

(c) For details of employee bonus and remuneration to directors and supervisors, please referred to Note 6(30).

(23) Treasury shares

	December 31, 2022		December 31, 2021	
	Shares (thousand)	Carrying amount	Shares (thousand)	Carrying amount
Buy back company shares	2,038	$31,894	-	$-

A. Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

B. Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

C. Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(24) Non-controlling interest

	2022	2021
Balance on January 1	$67,579	$68,524
Net loss	(13,368)	(769)
Share attributable to non-controlling interests:		
Currency translation difference	932	(468)
Unrealized gain (losses) from financial assets measured at fair value through other comprechtnsive income	(1,634)	292
Change in non-controlling interests	(634)	-
Banlance as at December 31	$52,875	$67,579

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(25) Other equity items

	Translation differences arising from foreign operations	Investment in equity instruments Unrealized gain or loss on FVTOCIFA	Total
Balance as at January 1, 2022	$(1,423,798)	$2,426,822	$1,003,024
Valuation adjustment			
- Accounted associated companies and joint ventures	-	(1,769,597)	(1,769,597)
Translation differences			
- The Group	358,887	-	358,887
- Associated companies	(8,763)	-	(8,763)
- The tax impact	(70,026)	-	(70,026)
Disposal of investments in equity instruments designated as fair value through other comprehensive income	-	(34,762)	(34,762)
Balance as at December 31, 2022	$(1,143,700)	$622,463	$(521,237)
Balance as at January 1, 2021	$(1,311,493)	$2,283,891	$972,398
Valuation adjustment			
- Accounted associated companies and joint ventures	-	357,748	357,748
Translation differences			
- The Group	(142,527)	-	(142,527)
- Associated companies	2,146	-	2,146
- The tax impact	28,076	-	28,076
Disposal of investments in equity instruments designated as fair value through other comprehensive income	-	(214,817)	(214,817)
Balance as at December 31, 2021	$(1,423,798)	$2,426,822	$1,003,024

(26) Income tax

A. Components of income tax expenses:

(a) Income tax recognized as current profit and loss

	2022	2021
Current income tax expenses:		
Income tax from current income	$324,379	$556,245
Overvalued/undervalued income tax for the preceding year	(70,082)	(17,909)
Deferred income tax expenses:		
Generation and reversal of temporary difference	(211,650)	(17,858)
Income tax expenses (benefits)	$42,647	$520,478

(b) Income tax recognized as other comprehensive income

	2022	2021
Items not reclassified into profit and loss:		
Losses on remeasurements of defined benefit plans	$1,737	$(1,155)
Items likely to be reclassified into profit and loss:		
Exchange differences on translation of foreign financial statements (EXDF)	70,026	(28,076)
Income tax related to the components of other comprehensive income	$71,763	$(29,231)

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

B. Adjustment of relationship between income tax expenses and accounting profit were as follows:

	2022	2021
Pre-tax profit	$(880,501)	$2,872,565
Income tax of Longchen P&P's pre-tax profit calculated at statutory tax rate	(176,100)	574,513
Effects of differences on tax rates in foreign jurisdictions	53,733	103,382
Effects of income tax with some items excluded as per the tax act	(80,347)	8,542
Overvalued/undervalued income tax amount for the preceding year	(70,082)	(17,909)
Effects of overvalued/undervalued deferred income tax assets/liabilities	312,893	(195,304)
Repatriated offshore taxation	-	3,411
Effect from investment tax credits	2,550	43,843
Income tax expenses	$42,647	$520,478

C. Amount of deferred income tax assets/liabilities from temporary difference were as follows:

	2022				
	January 1	Recognition into loss (gain)	Recognition into other comprehensive income	Effects of exchange gains or losses	December 31
Deferred Income Tax Assets					
Unrealized gross margin from sale	$6,605	$6,605	$-	$-	$-
Unrealized sales discounts and allowances	4,162	1,890	-	-	2,272
Ultralimit amount of loss from doubtful account	88,806	23,268	-	(1,392)	66,930
Government subsidy income	18,132	1,295	-	(271)	17,108
Loss from unrealized overseas investments	28,017	(6,553)	-	(132)	34,702
Allowance for reduction of inventory to market	25,669	23,704	-	(444)	2,409
Actuarial loss (gain) of defined benefit plans	28,388	-	1,737	-	26,651
Unrealized foreign exchange losses (gains)	64,851	32,082	-	(821)	33,590
Loss (gain) from exchange differences on translation of foreign financial statements (EXDF)	355,950	-	70,026	-	285,924
Foreign investment loss using equity method	-	(74,860)	-	-	74,860
Provisions for liabilities	8,351	8,500	-	(149)	-
Impairment losses on property, plant, and equiment	11,370	(12,167)	-	(168)	23,705
Tax losses	-	(1,074)	-	3	1,071
Others	66,635	1,965	-	(1,062)	65,732
Subtotal	706,936	4,655	71,763	(4,436)	634,954
Deferred income tax liabilities					
Overseas interests recognized under the equity method	218,444	(218,444)	-	-	-
Others	-	2,139	-	-	2,139
Subtotal	218,444	(216,305)	-	-	2,139
Total	$(488,492)	$(211,650)	$71,763	$(4,436)	$(632,815)

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

	2021				
	January 1	Recognition into loss (gain)	Recognition into other comprehensive income	Effects of exchange gains or losses	December 31
Deferred Income Tax Assets					
Unrealized gross margin from sale	$8,598	$1,993	$-	$-	$6,605
Unrealized sales discounts and allowances	2,787	(1,375)	-	-	4,162
Ultralimit amount of loss from doubtful account	87,105	(2,349)	-	648	88,806
Government subsidy income	13,054	(5,172)	-	94	18,132
Loss from unrealized overseas investments	30,084	2,067	-	-	28,017
Allowance for reduction of inventory to market	3,361	(22,310)	-	2	25,669
Actuarial loss (gain) of defined benefit plans	27,233	-	(1,155)	-	28,388
Unrealized foreign exchange losses (gains)	113	(64,691)	-	(47)	64,851
Loss (gain) from exchange differences on translation of foreign financial statements (EXDF)	327,874	-	(28,076)	-	355,950
Provisions for liabilities	-	(8,343)	-	(8)	8,351
Impairment losses on property, plant, and equiment	-	(11,360)	-	(10)	11,370
Others	66,564	(581)	-	510	66,635
Subtotal	566,773	(112,121)	(29,231)	1,189	706,936
Deferred income tax liabilities					
Overseas interests recognized under the equity method	116,614	101,830	-	-	218,444
Unrealized gain in offshore investment	7,631	(7,567)	-	(64)	-
Subtotal	124,245	94,263	-	(64)	218,444
Total	$(442,528)	$(17,858)	$(29,231)	$1,125	$(488,492)

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	2022	2021
Deductible temporary differences	$226,553	$-

E. In accordance with the current applicable tax act was as follows:

The profit-seeking enterprise income tax rate was 20% in 2022 and 2021. The Longchen P&P assessed the impact of such change in the tax rate on income tax. Besides, the tax rate applicable to the undistributed earnings was 5%.

Longchen P&P’s income tax for profit-making enterprises in 2019 and the income tax for profit-making enterprises in 2018 and the additional tax on undistributed surplus were NT$286,437 thousand and NT$119,139 thousand, respectively. Based on the updated tax regulation, taxpayers who are affected by the Covid-19 epidemic and are unable to pay the tax within the prescribed payment period, may apply to the tax collection authority for an extension or installment payment in accordance with Article 26 of the Tax Collection Law. On June 16, 2021 and June 19, 2020, Longchen P&P obtained the approval from the Beidou Branch of the Central District State Taxation Bureau of the Ministry of Finance to pay the aforesaid tax in 30 installments and 36 installments.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Long Chen Paper (China) is incorporated in the Cayman Islands, where corporate income tax is exempt.Its subsidiaries operating in China, including Wuxi Longchen, Pinghu Longchen and Xiasha Longchen were accredited as high-tech enterprises by the People's Republic of China government. Applicable corporate income tax rate for Wuxi Longchen from 2014 to 2023, Pinghu Longchen from 2016 to 2024 and Xiasha Longchen from 2021 to 2023 is 15%. Other Chinese subsidiaries of Long Chen Paper (China) are subject to “Law of the PRC on Enterprise Income Tax”, applicable corporate income tax rate is 25%.For entities incorporated in other jurisdictions are subject to applicable corporate income tax rate in each relevant jurisdiction.

The “Law of the PRC on Enterprise Income Tax” and the “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” were approved by the People’s Republic of China in 2007 and implemented as of January 1, 2008. For earnings for 2008 and following years remitted from companies in mainland China to companies in Taiwan, the provision for income tax should be withheld at 10% (preferential tax rates are applicable to the areas subject to the tax treaty).

G. For Longchen P&P’s application for profit-seeking enterprise income tax settlement for the preceding year, the taxing authority determined a period ended 2020.

(27) Earnings per share

	2022	2021
Basic earnings per share		
Current net income (loss) attributable to Longchen P&P	$(909,780)	$2,352,856
Weighted average outstanding common shares	1,282,349	1,277,686
Basic earnings per share (unit: NTD)	$(0.71)	$1.84
Diluted earnings per share		
Net income (loss) attributable to common share holders of Longchen P&P	$(909,780)	$2,352,856
Assumed conversion of all dilutive potential ordinary shares-Convertible bond	-	56
Profit (loss) attributable to ordinary shareholders	$(909,780)	$2,352,912
Weighted average outstanding common shares	1,282,349	1,277,686
Dilutive effect of potential common shares		
Effects of employee remuneration (Note 1)	542	2,525
Effect of conversion of convertible bonds (Note 2)	-	878
Weighted average outstanding common shares	1,282,891	1,281,089
Diluted earnings per share (unit: NTD)	$(0.71)	$1.84

Note 1: As the Longchen P&P is a listed company, the number diluted shares for employee bonus is calculated respectively based on the closing price of the preceding day of the balance sheet date and the board resolution.

Note 2: The Longchen P&P issued convertible bonds in December 2020, the convertible bonds have antidilution effect on 2022 ordinary shares, therefore, the diluted losses per share is same as basic losses per share.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(28) Income from contracts with customers

	2022	2021
Income from sale of merchandise	$52,753,982	$56,557,567
Less: sales return and discount	(186,239)	(188,215)
Other operating revenues	400,661	238,844
Total	$52,968,404	$56,608,196

A. Breakdown of income from contracts with customers was as follows

The Group's income from commodities and services transferred at a specified time can be divided into the following production lines and geological areas:

	2022				
Main regions and markets	Container board	Corrugated container	Waste paper	Others	Total
Taiwan	$7,401,287	$5,451,069	$5,810	$2,892	$12,861,058
China	34,297,619	5,431,180	-	1,231	39,730,030
Other countries	-	-	377,316	-	377,316
Total	$41,698,906	$10,882,249	$383,126	$4,123	$52,968,404

	2021				
Main regions and markets	Container board	Corrugated container	Waste paper	Others	Total
Taiwan	$5,111,058	$5,644,439	$276,425	$23,176	$11,055,098
China	39,779,810	5,361,636	-	26,686	45,168,132
Other countries	-	-	384,966	-	384,966
Total	$44,890,868	$11,006,075	$661,391	$49,862	$56,608,196

B. Contract balance

	December 31, 2022	December 31, 2021
Contract liability – advance sales receipts	$143,112	$125,200

The movement in contract liability is from the difference between the timing of customers' payment and the timing of meeting performance obligation. The opening contract liability recognized for 2022 and 2021 were NT$125,200 thousand and NT$20,958 thousand, respectively.

(29) Non-operating income and expenses

A. Interest income

	2022	2021
Interest income	$19,052	$11,259

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

B. Other incomes

	2022	2021
Dividend income	$12,096	$2,901
Government subsidy income	876,068	213,426
Sublease income	5,578	31,614
Other incomes - others	45,645	41,176
Total	$939,387	$289,117

C. Other profits and losses

	2022	2021
Gain (loss) on disposal of property, plant and equipment	$(40,365)	$(54,576)
Impairment loss of property, plant and equipment	(115,125)	-
Losses(gain) on disposal of subsidiaries	(50)	-
Lease modification gain	2,404	2,282
Gain on financial assets at fair value through profit or loss	215,691	(179,193)
Net foreign exchange gain (loss)	(325,025)	77,637
Impairment (reversal) loss of onerous contracts	84,495	(83,157)
Others	(7,699)	(9,769)
Total	$(185,674)	$(246,776)

D. Financial expenses

	2022	2021
Service Charges	$59,210	$63,203
Interest expense		
Interest on lease liability	3,923	3,930
Interest of bank loans	1,513,563	1,468,135
Corporate bonds payable	31,333	19,911
Less: assets capitalization	(53,699)	(93,711)
Total financial cost	$1,554,330	$1,461,468

(30) Employee benefit expenses

A. Summary of employee benefit expenses, depreciation and amortization by function of expense was as follows:

Function / Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	$1,120,889	$1,005,105	$2,125,994	$1,115,024	$950,026	$2,065,050
Labor and medical insurance premiums	95,023	74,871	169,894	86,397	65,944	152,341
Pension expenses	90,945	74,848	165,793	85,076	67,997	153,073
Other employee benefit expenses	102,287	114,510	216,797	107,057	86,599	193,656
Depreciation	2,308,117	467,331	2,775,448	2,131,487	443,123	2,574,610
Depreciation-use-of-right assest	5,218	22,369	27,587	4,603	24,043	28,646

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

B. In accordance with the staff remuneration and director remuneration policies set forth in the articles of association of Longchen P&P, after deducting accumulated losses from the current year’s profit, if there is a balance, it shall allocate no less than 2% of the pre-tax net profit as employee remuneration. Or the cash payment shall be made by the board of directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and report to the shareholders meeting. In addition, the remuneration of directors is based on the degree of participation and contribution value of each director to the Longchen P&P’s operations. The monthly remuneration is between NT$50 thousand and NT$150 thousand. At the end of each year, the annual bonus is two to six months of the aforementioned monthly remuneration Remuneration shall be paid regardless of profit or loss. The monthly remuneration range of all directors shall be recommended by the remuneration committee and submitted to the Board of Directors for agreement in accordance with the law.

C. Due to Longchen P&P was in loss status in 2022, Longchen P&P did not recognize employee remuneration.

Amounts of employee remuneration estimated of Longchen P&P for 2021 totaled NT$57,650 thousand, and was presented as part of salary expense.

D. Information regarding employee and director remuneration resolved by the board of directors and reported in the shareholder meeting can be found on Taiwan Stock Exchange Corporation’s “Market Observation Post System”.

(31) Non-cash and partial cash transactions

Adjustments for additions of property, plant and equipment, and the acquisition of property, plant and equipment in cash flow statement:

	2022	2021
Purchase of property, plant and equipment	$2,832,226	$1,651,091
Opening balance of payable on equipment	369,196	611,327
Ending balance of payables on equipment	(667,056)	(369,196)
Effects of exchange rate changes	4,524	(4,818)
Cash paid during te period	$2,538,890	$1,888,404

7. Related Party Transactions

(1) Parent and ultimate controlling party

Longchen P&P is the ultimate controlling party of the Group.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(2) Names and relations of related parties

Related party's name	Relation with the Group
Baolong International Co., Ltd. ("Baolong Intl")	The associate
Nanjing Hongcheng Technology Co., Ltd	The associate
Handy Carton Co., Ltd. ("Handy Carton")	Other related party
Longchen Sustainable Development Foundation	Other related party
Longchen Shan-Yu-Tien Education Foundation	Other related party

(3) Significant related party transactions

A. Revenue

	2022	2021
Associate - Baolong Intl	$4,179,523	$1,657,135
Other related party	19,186	25,127
Total	$4,198,709	$1,682,262

The above sale is subject to the general terms of sale (i.e. market prevailing price). Generally, it is agreed that the collection term should range between one and four months, except that associates' fund utilization is taken into consideration regarding the collection terms for sale to related parties to make flexible adjustments subsequently. There is no significant difference from the transaction value of commodity sale, collection terms or non-related parties.

B. Purchase

	2022	2021
Associate - Nanjing Hongcheng	$352,529	$523,236

The above purchase is subject to the general terms of purchase (i.e. market prevailing price). Generally, it is agreed that the payment term should range between one and two months, except that associates' fund utilization is taken into consideration regarding the collection terms for purchase from related parties to make flexible adjustments subsequently. There is no significant difference from ordinary manufacturers.

C. Accounts receivable from related parties (lending to related parties excluded)

Recognized item	Category of related party	2022	2021
Accounts receivable	Associate - Baolong Intl	$70,942	$251,206
Accounts receivable	Other related party	6,227	7,343
Total		$77,169	$258,549

Outstanding accounts receivable from related parties were not received. No provision for bad debts expense was made for the accounts receivable from related parties in 2022 and 2021.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

D. Accounts payable to related parties

Recognized item	Category of related party	December 31, 2022	December 31, 2021
Accounts payable	Associate - Nanjing Hongcheng	$48,419	$109,905

E. Operating expense

Nature	Category of related party	2022	2021
Donation expense	Longchen Sustainable Development Foundation	$4,000	$155,929
Donation expense	Longchen Shan-Yu-Tien Education Foundation	49,582	-
		$53,582	$155,929

For the years ended December 31, 2022 and 2021, the content of donation were investee's shares by NT$39,582 thousand and NT$155,199 thousand, respectively. Please refer to Note 6(8).

F. Transactions with other related parties

Longchen P&P held the membership of New Tamsui Golf Club with the carrying amount of NT$1,065 thousand (recognized as other non-current assets) as at December 31, 2022 and 2021. Its ownership was vested in the close relative of the Longchen P&P's Chairman. Longchen P&P obtained the letter of commitment for security.

(4) Information on remuneration to key management personnel

	2022	2021
Salary and other short-term employee benefits	$82,211	$91,103

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

8. Pledged Assets

The Group provides the following assets as collaterals to secure loan:

	December 31, 2022	December 31, 2021
Receivables	$345,975	$1,014,323
Other financial assets - current	8	8,928
Property, plant and equipment - land and land improvements	2,525,830	2,542,908
Property, plant and equipment - buildings	6,600,516	6,948,033
Property, plant and equipment - machinery	25,951,192	21,550,842
Property, plant and equipment - transport equipment	34,375	21,456
Property, plant and equipment - other equipment	63,832	79,510
Use-of- right assest -land	1,169,480	1,216,826
Total	$36,691,208	$33,382,826

Pledged assets are presented at book value.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

9. Major Contingent Liabilities and Unrecognized Contractual Commitments

(1) Unused balance on usance L/C issued for purchase of raw materials or machinery:

	December 31, 2022	December 31, 2021
Usance L/C issued but unused	$117,272	$401,114

(2) Utilization of endorsement/guarantee limit:

	December 31, 2022	December 31, 2021
Endorsement/guarantee limit	$43,385,266	$40,061,532
Amount utilized	(24,037,581)	(22,852,483)
Unused limit	$19,347,685	$17,209,049

(3) Summary of contracted major equipment purchases:

	December 31, 2022	December 31, 2021
Contract sum	$6,963,459	$6,581,604
Amount billed	(4,101,083)	(3,363,442)
Unbilled amount	$2,862,376	$3,218,162

10. Losses from Major Disasters: None.

11. Subsequent Events

Longchen P&P's board of directors has resolved to extend deprectation periods of some machinery of the Longchen P&P and its subsidiarity since January 1, 2023. For the accountry estimates change, the Group has hired China Credit Information Service, Ltd. to issue the assessment report and the assurance accountant issued review report for the appropriateness of extending deprecion periods.

12. Others

(1) Capital management

The primary goals of capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Group manages and adjusts capital structure based on changes in economic circumstances. The Group maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(2) Financial instrument

A. Types of financial instrument

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit and loss		
Financial assets mandatory to be carried at fair value through profit and loss	$401	$41,639
Financial assets designated to be carried at fair value through profit and loss	340,875	223,970
Total	341,276	$265,609
Financial assets carried at cost after amortizatio		
Cash and cash equivalents	$1,901,853	$1,514,365
Financial assets at amortised cost	44,080	62,948
Note receivable	2,346,192	4,304,233
Accounts receivable (including related parties)	6,043,347	7,320,169
Other receivables	272,543	225,349
Other financial assets (recognized as other current assets)	8	8,928
Guarantee deposits paid (recognized as other non-current assets)	109,361	124,495
Total	$10,717,384	$13,560,487

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$-	$98,451
Financial liabilities designated as at fair value through profit or loss	13,059	2,629
Total	$13,059	$101,080
Financial liabilities carried at cost after amortization		
Short-term loans	$10,210,836	$9,447,216
Short-term bills payable	-	399,769
Note payable	132,241	97,252
Accounts payable(including related parties)	2,523,601	6,065,121
Other payables	2,633,266	2,758,816
Corporate bonds payable (including portions)	3,158,326	3,148,301
Long-term loans (including portions)	28,622,362	26,873,365
Guarantee deposits received (recognized as other non-current liability)	37,219	38,548
Total	$47,317,851	$48,828,388
Lease liability (including current and non-current portion)	$199,363	$161,955

B. Risk management policy

(a) The Group’s dairy operations are susceptible to multiple forms of financial risk, including market risks (exchange rate risk, interest rate risk and price risk), credit risks and liquidity risks.The Group’s overall risk management plan focuses on unforeseeable matters in the financial market. The Group strives for minimizing the potential adverse impact of such matters on its financial performance.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(b) Risk management is performed by the Group's Finance Department according to board-approved policies. The Finance Department is responsible for identifying, assessing and mitigating financial risks, and it achieves this by working closely with other departments within the Group. The board of directors has implemented written principles on risk management practices, and outlined policies for specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative/non-derivative instruments, and investment of residual liquid capital.

C. Characteristics and level of significant financial risks

(a) Market risk

Exchange rate risks

The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Longchen P&P and its subsidiaries used in various functional currency, primarily with respect to the JPY, USD, CNY and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group is required to hedge their entire foreign exchange risk exposure with the Group treasury.

The Group hedges outstanding exchange rate swap contracts and foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: CNY, USD and JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$11,193	30.71	$343,737	$6,612	27.68	$183,020
CNY	39,445	4.408	173,874	229,010	4.34	993,909
Investments						
Accounted for using equity method						
JPY	1,450,862	0.23	333,698	1,005,448	0.24	241,308
CNY	3,595,403	4.408	15,848,536	4,187,132	4.34	18,172,153

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial liabilities						
Monetary items						
JPY	-	0.23	-	20,100	0.24	4,824
USD	87,704	30.71	2,693,390	169,019	27.68	4,678,446
EUR	80	32.72	2,618	80	31.32	2,506

Note: Exchange rate is presented in amounts of NTD per unit of foreign currency.

The above exchange rate risk generally originates from cash and cash equivalents, receivables, loans and payable valued in foreign currency, as foreign exchange gains/losses will occur during exchange. When the appreciation or depreciation of the NTD relative to JPY, USD, CNY and EUR was up to 1% as as December 31, 2022 and 2021, and all other factors remained unchanged, the Group's losses and gains in 2022 and 2021 would respectively decrease/increase by NT$21,784 thousand and NT$35,088 thousand, respectively; the Group's losses and gains in 2022 and 2021 would respectively decrease/increase by NT$161,182 thousand and NT$184,135 thousand, respectively. Analyses for the two periods were conducted using the same basis.

Furthermore, the total amount of all foreign exchange losses and gains (including those realized and unrealized) from the Group's monetary items with significant impact of exchange rate fluctuations in 2022 and 2021 was loss NT$325,025 thousand and profit NT$77,637 thousand, respectively.

Price risk

The Group's equity instruments exposed to price risks are financial assets at fair value through profit or loss held and recognized. The Group has split its investment portfolio to control the price risks in investments in equity instruments. The specific method is subject to the Group's policies.

Typically, the Group invests in equity instruments issued by domestic companies and closed funds. Prices of such equity instruments will be affected by the uncertain values of such investment subjects in the future. If the price of such equity instrument increases or decreases by 1% and all other factors remain unchanged, the gains/losses of the net profit aftre tax from equity instruments at fair value through profit or loss in 2022 and 2021 will decrease/increase by NT$3,413 thousand and NT$2,656 thousand, respectively.

Cash flow and fair value risk of interest rate

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

Loans of the Group are measured at cost after amortization. Interest rates on loans are subject to repricing on a yearly basis according to the terms of the respective contract. As a result, the Group is exposed to the risk of changes in the market interest rate.

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by NT$15,598 thousand and NT$14,099 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk management

Credit risk refers to the possibility of losses suffered by the Group due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle the amount collectible or the contractual cash flow according to the payment terms agreed.

The Group has developed credit risk management practices from a corporate perspective. According to the Group’s internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Group adopts an internal risk management system that assesses credit quality by taking into account customers' financial position, previous conducts and other relevant factors. Individual counterparty risk limits are set by the board of directors based on internal or external assessments. Uses of credit limit are monitored on a regular basis.

Only banks, financial institutions, and organizations of good credit standing are accepted as counterparties.

The Group has adopted the following assumptions mentioned in IFRS 9 to provide the basis for identifying significant increase in the credit risk of financial instruments held after initial recognition:

i. A financial asset is considered to have exhibited significant increase in credit risk after initial recognition when contractual payment (according to the terms and nature of the underlying contract) becomes more than 30 days past due up to 1 year.
ii. A counterparty is considered to be in default when contractual payment is reclassified into overdue receivables for non-recoverability.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

The Group distinguishes accounts from customers by geographic location, and uses a simplified, matrix-based approach to estimate expected credit loss.

The Group takes into account multiple considerations including future prospects, historical and current information etc to determine loss given default, which is used for estimating losses on accounts receivable. Matrix as of December 31, 2022 and 2021 is as follows:

		Overdue				
December 31, 2022	Current	Within 30 days	31-90 days	91-180 days	181 days and above	Total
Expected loss ratio	1.41%	2.46%	7.3%	30.04%	98.81%	4.25%
Total carrying amount	8,220,049	221,283	65,049	9,584	245,661	8,761,626
Loss allowance	$116,291	$5,441	$4,749	$2,879	$242,727	$372,087

		Overdue				
December 31, 2021	Current	Within 30 days	31-90 days	91-180 days	181 days and above	Total
Expected loss ratio	1.69%	3.21%	2.98%	9.70%	96.37%	3.77%
Total carrying amount	$11,631,617	$184,495	$436	$1,185	$262,680	$12,080,413
Loss allowance	$196,806	$5,921	$13	$115	$253,156	$456,011

Change of loss provisions on receivables was as follows:

	2022	2021
Opening balance	$456,011	$583,742
Excepted credit recovery gains (impairment loss)	(81,039)	33,667
Write-offs	(9,602)	(156,525)
Others	-	(488)
Effects of exchange rate changes	6,717	(4,385)
Ending balance	$372,087	$456,011

(c) Liquidity risk

Cash flow projections are made by individual operating entities within the Group, and consolidated by the Finance Department. The Group’s Finance Department monitors cash flow requirements to ensure that adequate funding is obtained to finance various operations. The Finance Department also maintains adequate level of committed borrowing limits available at all times to prevent the Group from violating terms of loan.

The following table shows non-derivative financial liabilities and derivative financial liabilities settled on a netted or gross basis, classified by maturity date. An analysis of remaining timespan from balance sheet date until contract maturity is presented below:

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

December 31, 2022	1 year	2-3 years	4-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Short-term loans	$10,210,836	$-	$-	$-	$10,210,836
Payables (including related parties)	2,655,842	-	-	-	2,655,842
Other payables	2,633,266	-	-	-	2,633,266
Lease liabilities (including cuurent and non-current portion)	79,705	93,259	26,399	-	199,363
Corporate bonds payable (including portions due within one year or one business cycle)	2,500,000	-	658,326	-	3,158,326
Long-term loans (including portions due within one year or one business cycle)	3,801,649	15,956,974	8,863,739	-	28,622,362

December 31, 2021	1 year	2-3 years	4-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Short-term loans	$9,447,216	$-	$-	$-	$9,447,216
Short-term notes and bills payable	399,769	-	-	-	399,769
Payables (including related parties)	6,162,373	-	-	-	6,162,373
Other payables	2,758,816	-	-	-	2,758,816
Lease liabilities (including cuurent and non-current portion)	62,605	78,297	20,643	410	161,955
Corporate bonds payable (including portions due within one year or one business cycle)	-	2,500,000	648,301	-	3,148,301
Long-term loans (including portions due within one year or one business cycle)	9,955,406	10,249,604	6,668,355	-	26,873,365
Derivative financial liabilites:					
Exchange rate option contracts	33,311	-	-	-	33,311
Forward currency	65,140	-	-	-	65,140

The Group has not expected earlier occurrence of the cash flow analyzed on the due date or any significant difference from the actual amount.

(3) <u>Fair value information</u>

A. Fair value assessment techniques for financial and non-financial instruments are explained. Definition for the different levels of input:

Level 1: Quotations (unadjusted) that the Group is able to obtain from an active market on the measurement date for asset or liability of equivalent nature. An active market is one where assets or liabilities are transacted in sufficient frequency and quantity, and where price information is provided on an ongoing basis. The fair value of the Group’s investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments (Exchange rate option contracts ,Exchange rate swap contracts and Forward currency),ordinary corporate bonds and convertible bonds are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. For fair value information of investment properties carried at cost, please refer to Note 6(11).

C. Financial instruments not measured at fair value

(a) Except for the items listed below, other accounts including cash and cash equivalents, note receivable, accounts receivable (including related parties), other receivables, short-term loans, short-term bills payable, note payable, accounts payable (including related parties) and other payables all have book values closely resembling to their fair values. Lease liability (including current and non current portion) and long-term loans (including portions) were borrowed at interest rates close to the market rate, therefore their book values should provide a reasonable estimate for the fair value:

	Book value	Level 1 input	Level 2 input	Level 3 input
December 31, 2022				
Corporate bonds payable(including cuurent and non-current portion)	$3,158,326	$-	$3,158,326	$-
December 31, 2021				
Corporate bonds payable	$3,148,301	$-	$3,166,089	$-

(b) Methods and assumptions used for estimating fair value:

Corporate bonds payable: Refers to common corporate bonds issued by the Group. Since the coupon rates closely resemble the market interest rate, fair value is measured by discounting expected cash flows at the market interest rate on the balance sheet date.

D. Information on financial and non-financial instruments measured at fair value, classified by asset, liability, nature, characteristics, risks and levels of fair value input:

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

	Level 1 input	Level 2 input	Level 3 input	Total
December 31, 2022				
Financial assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
Equity securities	$401	$-	$6,914	$7,315
Private equity funds	-	-	333,961	333,961
Total	$401	$-	$340,875	$341,276
Financial liabilities				
Recurring fair value				
Financial liabilities at fair value through profit or loss				
Derivative instruments - convertible bonds	$-	$13,059	$-	$13,059

	Level 1 input	Level 2 input	Level 3 input	Total
December 31, 2021				
Financial assets				
Recurring fair value				
Financial assets at fair value through profit and loss				
Equity securities	$34,961	$-	$6,914	$41,875
Beneficiary certificates	6,678	-	-	6,678
Private equity funds	-	-	217,056	217,056
Total	$41,639	$-	$223,970	$265,609
Financial liabilities				
Recurring fair value				
Financial liabilities at fair value through profit or loss				
Derivative instruments - exchange rate option contracts	$-	$33,311	$-	$33,311
Derivative instruments - forward exchange	-	65,140	-	65,140
Derivative instruments - convertible bonds	-	2,629	-	2,629
Total	$-	$101,080	$-	$101,080

E. Methods and assumptions used for measuring fair value:

(a) Instruments using market quotation as fair value input (i.e. level 1), distinguished by characteristics:

	listed shares	Open-ended fund
Market quotation	Closing price	Net value

(b) Except for financial instruments traded in active markets, as shown above, fair values of all other financial instruments were obtained either by applying valuation techniques or by making reference to counterparties' quotations. The fair value through valuation may be obtained through model calculation by reference to the current fair value of financial instruments with substantially similar conditions and characteristics, cash flow discounting or other evaluation methods, including the market information available on the balance sheet date.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

(e) Derivative-Call options and put options of Convertible bond evaluate using Binomial Tree for Convertible Bond Pricing Model, according to the conversion price volatility, non-risk interest rate, risk discount rate, and residual maturity periods.

F. There had been no transfer between level 1 and level 2 input in 2022 or 2021.

G. There was no significant change in Level 3 financial instruments held during 2022 and 2021.

H. The valuation procedure of the Group's fair value classification of Level 3 is verified by the independent fair value of financial instruments. Data from independent sources are used to ensure that the valuation result is close to the market state. Periodic review is also carried out to ensure the reasonability of such valuation result. In addition, the Group has also developed the valuation policy for fair values of financial instruments, the valuation procedure, and the procedure for confirming the compliance with the IFRSs.

I. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

	December 31, 2022 Fair value	Assessment technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed shares	$6,914	Net asset value approach	Not applicable	-	Not applicable
Private equity funds	$333,961	Net asset value approach	Not applicable	-	Not applicable

	December 31, 2021 Fair value	Assessment technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed shares	$6,914	Net asset value approach	Not applicable	-	Not applicable
Private equity funds	$217,056	Net asset value approach	Not applicable	-	Not applicable

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

J. The Group exercises a high level of discretion and evaluation in the choice of valuation models and parameters. However, uses of different valuation model or parameter may produce different valuation results. With respect to financial assets and financial liabilities classified into level 3 input, the impacts on profit and loss or other comprehensive income in the event of a change in the valuation parameter are as follows:

			December 31, 2022			
			Recognized through profit and loss		Recognized in other comprehensive income	
	Input	Variation	Favorable variation	Adverse variation	Favorable variation	Adverse variation
Financial assets						
Equity securities	Net asset value	±1%	$69	$(69)	$-	$-
Private equity funds	Net asset value	±1%	3,340	(3,340)	-	-
			$3,409	$(3,409)	$-	$-

			December 31, 2021			
			Recognized through profit and loss		Recognized in other comprehensive income	
	Input	Variation	Favorable variation	Adverse variation	Favorable variation	Adverse variation
Financial assets						
Equity securities	Net asset value	±1%	$69	$(69)	$-	$-
Private equity funds	Net asset value	±1%	2,171	(2,171)	-	-
			$2,240	$(2,240)	$-	$-

13. Disclosures Relating to the Note

(1) Information relating to significant transactions

Serial No.	Item	Attachments
1	Financings provided	Attachment 1
2	Endorsements and Guarantees Made to Others	Attachment 2
3	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	Attachment 3
4	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above	None
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	None
6	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None
7	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Attachment 4
8	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	Attachment 5
9	Trading of derivatives	Note 6(2)
10	Names, locations and information of investees	Attachment 6

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

(2) Supplementary disclosure regarding investee companies

Serial No.	Item	Attachments
1	Financings provided	Attachment 7
2	Endorsements and Guarantees Made to Others	Attachment 8
3	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	Attachment 9
4	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above.	None
5	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	None
6	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None
7	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Attachment 10
8	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	Attachment 11
9	Trading of derivatives	Note 6(2)

(3) Investments in the Mainland

Serial No.	Item	Attachments
1	Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees	Attachment 12
2	Significant transactions with Mainland investees through directly or indirectly held businesses in another country:	
	(1) Amount and percentage of purchases made and balance and percentage of corresponding payables at the end of period.	None
	(2) Amount and percentage of sales made and balance and percentage of corresponding receivables at the end of period.	None
	(3) Property transactions and the resulting gains and losses	None
	(4) Closing balances and purposes of endorsed Note, guarantees, or pledged collaterals	Attachment 2, Attachment 8
	(5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period	None
	(6) Other transactions with material impact to the current profit and loss or financial position.	None

(4) Business relationships and significant inter-company transactions: Attachment 13.

(5) The information of major shareholders: Attachment 14.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

14. Segment Information

(1) General information

For the management purpose, the Group divides business units (BUs) based on different products and services and set up four major BUs for reporting as follows:

· Containerboard: manufacturing and sale of Containerboard;

· Corrugated container: manufacturing and sale of paper machines;

· Waste Paper: procurement and sale of waste paper; and

· Others: public waste water treatment and general administration in the Group.

The management also supervises the operating results of business units to make decisions on resources allocation and performance assessment. The department performance assessment is based on operation profits and losses, and such performance is measured in the same way applicable to those in the consolidated financial statements.

(2) Profit/loss and financial position of BUs for reporting

	2022					
	Container board	Corrugated container	Waste Paper	Others	Adjustment and elimination	Total
Income						
Income from foreign customers	$41,698,906	$10,882,249	$383,126	$4,123	$-	$52,968,404
Inter-departmental income	15,320,937	635,289	3,936,323	-	(19,892,549)	-
Total income	$57,019,843	$11,517,538	$4,319,449	$4,123	$(19,892,549)	$52,968,404
Interest expense	$1,191,228	$198,442	$6,836	$189,788	$(91,174)	$1,495,120
Depreciation and amortization	$2,349,655	$408,618	$23,991	$20,771	$-	$2,803,035
Gains and losses of associates and joint ventures accounted for using the equity method	$-	$-	$-	$313,753	$-	$-
Departmental profit/loss for reporting	$(968,180)	$48,174	$119,594	$(715,297)	$592,561	$(923,148)
Investments accounted for using equity method	$-	$-	$-	$4,477,564	$-	$4,477,564
Increase in CAPEX on non-current assets	$2,941,616	$608,718	$153,016	$164	$-	$3,703,514
Departmental assets for reporting	$64,677,314	$36,588,178	$867,455	$43,977,628	$(73,518,172)	$72,592,403
Departmental liabilities for reporting	$31,955,837	$9,695,185	$129,960	$15,229,394	$(8,519,097)	$48,491,279

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

	2021					
	Container board	Corrugated container	Waste Paper	Others	Adjustment and elimination	Total
Income						
Income from foreign customers	$44,890,868	$11,006,075	$661,391	$49,862	$-	$56,608,196
Inter-departmental income	17,427,502	613,496	6,771,528	-	(24,812,526)	-
Total income	$62,318,370	$11,619,571	$7,432,919	$49,862	(24,812,526)	$56,608,196
Interest expense	$1,209,253	$158,715	$10,848	$135,643	$(116,194)	$1,398,265
Depreciation and amortization	$2,218,369	$329,600	$37,547	$17,740	$-	$2,603,256
Gains and losses of associates and joint ventures accounted for using the equity method	$-	$-	$-	$125,419	$-	$125,419
Departmental profit/loss for reporting	$2,763,787	$436,085	$101,092	$(976,451)	$27,574	$2,352,087
Investments accounted for using equity method	$-	$-	$-	$6,025,216	$-	$6,025,216
Increase in CAPEX on non-current assets	$1,822,005	$1,049,536	$15,061	$90,154	$-	$2,976,756
Departmental assets for reporting	$62,807,270	$65,310,470	$1,304,967	$19,075,981	$(70,433,828)	$78,064,860
Departmental liabilities for reporting	$34,343,792	$9,213,249	$717,364	$14,838,171	$(8,401,099)	$50,711,477

Department profit and loss comprise long-term equity investments of another department as valued by using equity method among departments and their business relationships. Therefore, such department profit and loss, covering investment income/loss and business transactions of another department, have been eliminated when Longchen P&P and its subsidiaries prepared their consolidated departmental income statements.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 1 Financings provided:

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Notes 8)	Ending balance (Notes 8)	Actual amount of disbursement (Notes 8)	Interest rate interval)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Provision for credit loss	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
													Item	Value		
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$1,322,400 (CNY 300,000 thousand)	$1,322,400 (CNY 300,000 thousand)	$661,200 (CNY 150,000 thousand)	3.50%	2	-	Operation financing	–	–	–	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$7,214,475 thousand)	The ceiling on total loans granted to others by Longchen should not exceed forty percent (40%) of the net worth of its latest audited/reviewed financial statements. (Amount: NT$9,619,300 thousand)

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, fill "1" in case of a business transaction, or fill "2" in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of individual lending and the total limit of funds lent to others as stated in Longchen's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refundment, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 2 Endorsements and Guarantees Made to Others:

Number (Note 1)	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company (Note 3)	Maximum outstanding endorsements and guarantee amount during the current period (Note 4)	Ending balance of endorsement and guarantee (Note 5)	Actual amount of disbursement (Note 6)	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount in the net worth of the latest financial statements	Maximum limit of endorsement and guarantee (Note 3)	Provision of endorsements and guarantees by parent company to subsidiary (Note 7)	Provision of endorsements and guarantees by subsidiary to parent company (Note 7)	Provision of endorsements and guarantees to the party in Mainland China (Note 7)
		Name of company	Relationship (Note 2)										
0	Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	2	The amount of endorsements and guarantees made to a single enterprise should be limited to eighty percent (80%) of Longchen's net worth. (Amount: NT$19,238,599 thousand)	$7,451,286	$7,451,286	$4,801,566	—	30.98%	The total limit of endorsements and guarantees made by Longchen to other entities should be two hundred percent (200%) of its net worth. (Amount: NT$48,096,498 thousand)	Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	2		7,085,217	6,347,783	5,002,613	—	26.40%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2		4,880,973	4,432,273	1,244,373	—	18.43%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan	2		477,960	465,413	-	—	1.94%		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	2		16,984,147	14,688,927	10,315,395	—	61.08%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	2		442,125	442,125	291,640	—	1.84%		Y	N	N
0	Longchen Paper & Packaging Co., Ltd.	Zhejiang Xiasha Longchen Packing Co.; Ltd.	2		238,800	238,800	-	—	0.99%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Shanghal Minhang Longchen Paper Co., Ltd.	2		89,100	89,100	-	—	0.37%		Y	N	Y
0	Longchen Paper & Packaging Co., Ltd.	Hunan Longchen Greentech Co., Ltd.	2		480,363	480,363	-	—	2.00%		Y	N	Y

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:
(1) A company with business transaction;
(2) A company in which Longchen holds more than 50% voting shares directly or indirectly;
(3) A company which holds more than 50% voting shares of Longchen directly or indirectly;
(4) A company in which Longchen holds 90% or more voting shares directly or indirectly;
(5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
(6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
(7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in Longchen's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 3 Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures):

Name of company which holds securities	Securities (Note 1)		Relationship between the issuer of securities and the company (Note 2)	Account	Ending				Note (Note 4)
	Category	Name			Number of shares	Book value (Note 3)	Percentage of ownership (%)	Fair value	
Longchen Paper & Packaging Co., Ltd.	Stocks	Hon Hai Precision Industry Ind. Co., Ltd.	–	Financial assets at fair value through profit or loss - current	3,504 shares	$350	–	$350	
Longchen Paper & Packaging Co., Ltd.	Stocks	Taiwan Cement Corp.	–	Financial assets at fair value through profit or loss - current	1,473 shares	49	–	49	
Longchen Paper & Packaging Co., Ltd.	Preferred shares	Taiwan Cement Corp.	–	Financial assets at fair value through profit or loss - current	37 shares	2	–	2	
Longchen Paper & Packaging Co., Ltd.	Stocks	Asia Technology 3 LTD.	–	Financial assets at fair value through profit or loss - non-current	700 common shares; 6,300 preferred shares	–	16.66%	–	
Longchen Paper & Packaging Co., Ltd.	Stocks	OTC Daily News Co., Ltd.	–	Financial assets at fair value through profit or loss - non-current	180,000 shares	–	4.17%	–	
Longchen Paper & Packaging Co., Ltd.	Stocks	Everterminal Co., Ltd.	–	Financial assets at fair value through profit or loss - non-current	228,162 shares	1,843	0.47%	1,843	
Longchen Paper & Packaging Co., Ltd.	Stocks	Cheng Fong Chemical Co., Ltd.	–	Financial assets at fair value through profit or loss - non-current	2,325 shares	–	0.002%	–	
Longchen Paper & Packaging Co., Ltd.	Stocks	Linkou International Golf & Country Club	–	Financial assets at fair value through profit or loss - non-current	1 piece	5,071	–	5,071	
Longchen Paper & Packaging Co., Ltd.	Funds	ARM IoT Fund,L.P.	–	Financial assets at fair value through profit or loss - non-current	–	69,041	10.330%	69,041	
Longchen Paper & Packaging Co., Ltd.	Funds	Vertex Growth II (SG) LP		Financial assets at fair value through profit or loss - non-current	–	34,656	3.030%	34,656	

Note 1: "Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, please leave this column blank.

Note 3: In case of measurement at fair value, please fill in the "Book Value" column the book balance after valuation adjustment at fair value and deduction of loss allowance. In other cases, fill in the "Book Value" column the book balance of the amortized cost (with loss allowance deducted).

Note 4: If any securities are restricted due to the provision of security or secured borrowings, or subject to other agreements, specify the number of shares or amount for such security or secured borrowings and restriction of use.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 4 Amount of Purchase/Sale Transaction with a Related Party Exceeding NT$100 Million or 20% of the Paid-up Capital:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable			Note (Note 2)
			Purchase/sale	Amount	Ratio in total purchases / sales	Period of credit granting	Unit price	Period of credit granting	Balance		Ratio in total notes and accounts receivable / payable	
Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Ssubsidiary	Sale	$1,299,298	8.27%	3 month	Subject to a distribution agreement	3 month	Accounts receivable	$88,878	5.32%	
Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Ssubsidiary	Sale	264,025	1.68%	3 month	Subject to a distribution agreement	3 month	Accounts receivable	24,194	1.45%	
Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Ssubsidiary	Sale	389,718	2.48%	3 month	Subject to a distribution agreement	3 month	Accounts receivable	57,539	3.45%	
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd.	Investee accounted for using equity method	Sale	4,179,523	26.61%	2 month	Subject to a distribution agreement	2 month	Accounts receivable	70,942	4.25%	
Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan	Ssubsidiary	Purchase	504,604	4.89%	T/T	Subject to a distribution agreement	T/T	Accounts payable	86,620	7.29%	
Longchen Paper & Packaging Co., Ltd.	METIS INTERNATIONAL, INC.	Sub-subsidiary	Purchase	1,842,957	17.85%	T/T	Subject to a distribution agreement	T/T	Accounts payable	88,665	7.46%	

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

Attachment 5 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note)		Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
						Amount	Action taken		
Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Subsidiary	Other receivables	$661,200	—	—	—	—	—

Note : Please fill the accounts and notes receivable and other receivables from related parties separately.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 6 Names, locations and information of investees (excluding investees in mainland China):

Name of investor	Name of investee (Note 1 & 2)	Address	Major business activities	Original investment amount		Ending shareholding			Current loss/ gain of investee (Note 2 (2))	Loss/gain from investments recognized for the current period (Note 2 (3))	Note
				End of the current period	End of last year	Number of shares	Percentage (%)	Book value			
Longchen Paper & Packaging Co., Ltd.	L&C CO., (BVI) LTD.	British Virgin Islands	General investment	USD 482,323	USD 436,417	323,686,742	100.00%	$15,903,846	$(2,682,865)	$(2,682,865)	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Chen Investment Developing Co., Ltd.	Taipei	General investment	564,500	564,500	83,767,263	99.57%	1,178,957	99,303	98,876	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan	Japan	Waste paper recycling and sales	JPY 601,530	JPY 601,530	10,830	100.00%	337,180	64,095	83,580	Subsidiary
Longchen Paper & Packaging Co., Ltd.	Long Sheng Investment Co., Ltd.	Taipei	General investment	453,864	453,864	101,376,952	43.03%	1,473,812	176,880	82,660	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Long Hwa Developing Investment Co., Ltd.	Taipei	Investment in productive enterprises	209,606	209,606	40,470,206	20.84%	491,279	81,134	16,908	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuema Engineering Co., Ltd.	Taipei	International trade and venture capital (VP)	61,197	69,423	3,694,751	16.36%	328,840	93,251	17,668	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuema International Co., Ltd.	Taipei	Manufacturing, processing, trading, import and export of papermaking materials and paper products	61,534	61,534	10,946,621	22.63%	195,720	72,515	16,410	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Yuma Investment Co., Ltd.	Taipei	General investment	43,832	43,832	2,724,000	20.95%	3,899	(5,821)	(1,219)	Investee accounted for using equity method
Longchen Paper & Packaging Co., Ltd.	Baolong International Co., Ltd.	Yunlin	Merchandising business	630,171	630,171	39,180,636	25.95%	1,055,504	426,884	110,774	Investee accounted for using equity method
L&C CO., (BVI) LTD.	Long Chen Paper (China) Holdings Co., Ltd.	Cayman Islands	General investment	USD 478,042	USD 432,136	320,150,606	100.00%	$15,622,060	($2,677,874)	($2,677,874)	Subsidiary
L&C CO., (BVI) LTD.	Long Chen Packaging Company	Cayman Islands	General investment	USD 5,466	USD 5,466	USD 2,525,000	100.00%	226,481	(6,538)	(6,538)	Subsidiary
L&C CO., (BVI) LTD.	Long Chen Paper Trading Limited	Samoa	General investment	-	USD 4,582	-	-	-	(70)	(56)	Iiquidation this year

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 6 Names, locations and information of investees (excluding investees in mainland China):

Name of investor	Name of investee (Note 1 & 2)	Address	Major business activities	Original investment amount		Ending shareholding			Current loss/ gain of investee (Note 2 (2))	Loss/gain from investments recognized for the current period (Note 2 (3))	Note
				End of the current period	End of last year	Number of shares	Percentage (%)	Book value			
Long Chen Investment Developing Co., Ltd.	Yuema Engineering Co., Ltd.	Taipei	International trade and venture capital (VP)	$110,513	$110,513	3,003,500	13.30%	269,745	93,251	12,402	Investee accounted for using equity method
Long Chen Investment Developing Co., Ltd.	Yuema International Co., Ltd.	Taipei	Manufacturing, processing, trading, import and export of papermaking materials and paper products	50,224	50,224	7,829,257	16.19%	146,118	72,515	11,740	Investee accounted for using equity method
Long Chen Investment Developing Co., Ltd.	Baolong International Co., Ltd.	Taipei	Merchandising business	180,733	180,733	14,929,087	9.89%	482,659	426,884	42,216	Investee accounted for using equity method
Long Chen Paper Japan	Metis International INC	USA	Export of waste paper (corrugated paper cartons / curd boards)	USD 2,625	USD 2,625	USD 1,500	100.00%	190,826	40,509	40,509	Subsidiary
Jiangsu Longchen Greentech Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	Hong Kong	Trading	CNY 644,978	CNY 644,978	CNY 644,978	100.00%	2,559,487	4,898	4,898	Subsidiary

Note 1: If a public company has establish its foreign holding company and submitted its consolidated statements as major financial statements as stipulated by local regulations, it can only disclose the information on such holding company regarding its foreign investee.

Note 2: In cases other than that described in Note 1, the following rules should be followed:
(1) "Name of investee", "Address", "Major business activities", "Original investment amount" and "Ending shareholding" should be filled in in sequence based on the (public) Company's reinvestment and the further reinvestment of each investee controlled directly or indirectly. The relationship (e.g. subsidiary or sub-subsidiary) between the investee and the (public) Company should also be specified in the "Note" column.
(2) The amount of each investee's current loss/gain should be filled in the "Current loss/gain of investee" column.
(3) Only the amount of losses/gains of each subsidiary recognized by the (public) Company for direct reinvestment and of each investee accounted for using equity method should be filled in the "Loss/gain from investments recognized for the current period" column, and the rest can be omitted. When filling in the "Amount of current losses/gains of each subsidiary recognized for direct reinvestment" column, confirm whether such amount includes its loss/gain from investment to be recognized for further reinvestment.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 7 Financings provided:

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
													Name	Value		
1	Suzhou Longchen Paper Co., Ltd	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$79,344 (CNY 18,000 thousand)	$79,344 (CNY 18,000 thousand)	$79,344 (CNY 18,000 thousand	4.635%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$151,055 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$201,407 thousand)
1	Suzhou Longchen Paper Co., Ltd	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	44,080 (CNY 10,000 thousand)	44,080 (CNY 10,000 thousand)	44,080 (CNY 10,000 thousand)	4.350%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$151,055 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Longchen Paper Co., Ltd (Amount:NT$201,407 thousand)
2	Hong Kong Long Chen Paper Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	107,996 (CNY 24,500 thousand)	107,996 (CNY 24,500 thousand	107,996 (CNY 24,500 thousand)	3 months Libor+ 1.25%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$767,846 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$1,023,795 thousand)
2	Hong Kong Long Chen Paper Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	307,100 (USD 10,000 thousand)	264,480 (USD 60,000 thousand)	264,480 (USD 60,000 thousand)	3 months Libor+ 1.25%	2	—	Operation financing	—	—	—	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$767,846 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Hong Kong Long Chen Paper Co., Ltd. (Amount: NT$1,023,795 thousand)
3	Suzhou Mango Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	26,448 (CNY 6,000 thousand)	26,448 (CNY 6,000 thousand)	26,448 (CNY 6,000 thousand)	4.350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$45,412 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$60,550 thousand)

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 7 Financings provided:

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
3	Suzhou Mango Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$28,652 (CNY 6,500 thousand)	$28,652 (CNY 6,500 thousand)	$28,652 (CNY 6,500 thousand)	4.350%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$45,412 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Suzhou Mango Packaging Co., Ltd (Amount: NT$60,550 thousand)
4	Jiangsu Longchen Greentech Co., Ltd.	Wuhan Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$440,800 (CNY 100,000 thousand)	$220,400 (CNY 50,000 thousand)	$220,400 (CNY 50,000 thousand)	1 year Libor+ 1.7%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$4,589,962 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$6,119,949 thousand)
4	Jiangsu Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	154,280 (CNY 35,000 thousand)	154,280 (CNY 35,000 thousand)	154,280 (CNY 35,000 thousand)	1 year Libor+ 1.7%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$4,589,962 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$6,119,949 thousand)
4	Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	1,322,400 (CNY 300,000 thousand)	1,322,400 (CNY 300,000 thousand)	793,440 (CNY 180,000 thousand)	1 year Libor+ 1.7%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$4,589,962 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd (Amount: NT$6,119,949 thousand)
5	Zhejiang Long Chen Waste Paper Collectio Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	17,632 (CNY 4,000 thousand)	17,632 (CNY 4,000 thousand)	17,632 (CNY 4,000 thousand)	4.500%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Zhejiang Longchen Resources Co., Ltd. (Amount: NT$19,413 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Zhejiang Longchen Resources Co., Ltd. (Amount: NT$25,884 thousand)

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 7 Financings provided:

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8 & 9)	Actual amount of disbursement (Note 9)	Interest rate collars (Note 10)	Characteristic of fund lent to others (Note 4)	Business transaction amount (Note 5)	Reason for short-term loans (Note 6)	Amount of provision for loss allowance	Collateral		Limit of individual lending (Note 7)	Total limit of funds lent to others (Note 7)
6	Zhejiang Xiasha Long Chen Packing Co.; Ltd.	Wuxi Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	$136,648 (CNY 31,000 thousand)	$136,648 (CNY 31,000 thousand)	$136,648 (CNY 31,000 thousand)	1 year Libor+ 1.25%	-	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (40%) of the net worth of the latest audited/reviewed financial statements of Zhejiang Xiasha Longchen Packing Co.; Ltd. (Amount: NT$397,065 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Zhejiang Xiasha Longchen Packing Co.; Ltd. (Amount: NT$397,065 thousand)
6	Zhejiang Xiasha Long Chen Packing Co.; Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	242,440 (CNY 55,000 thousand)	242,440 (CNY 55,000 thousand)	242,440 (CNY 55,000 thousand)	1 year Libor+ 1.25%	-	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (40%) of the net worth of the latest audited/reviewed financial statements of Zhejiang Xiasha Longchen Packing Co.; Ltd. (Amount: NT$397,065 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Zhejiang Xiasha Longchen Packing Co.; Ltd. (Amount: NT$397,065 thousand)
7	Pinghu Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	141,056 (CNY 32,000 thousand)	- (CNY - thousand)	- (CNY - thousand)	-	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$2,838,739 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$3,784,986 thousand)
7	Pinghu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	573,040 (CNY 130,000 thousand)	440,800 (CNY 100,000 thousand)	440,800 (CNY 100,000 thousand)	4.900%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$2,838,739 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$3,784,986 thousand)
8	Shanghai Minhang Long Chen Paper Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Other receivables - related parties	Yes	22,040 (CNY 5,000 thousand)	22,040 (CNY 5,000 thousand)	22,040 (CNY 5,000 thousand)	4.900%	2	-	Operation financing	-	-	-	The limit to loans granted to a single party by Longchen should not exceed thirty percent (30%) of the net worth of the latest audited/reviewed financial statements of Shanghai Minhang Long Chen Paper Co., Ltd. (Amount: NT$87,659 thousand)	The limit to loans granted to a single party by Longchen should not exceed forty percent (40%) of the net worth of the latest audited/reviewed financial statements of Shanghai Minhang Long Chen Paper Co., Ltd. (Amount: NT$116,879 thousand)

Attachment 7 Financings provided:

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, fill "1" in case of a business transaction, or fill "2" in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of individual lending and the total limit of funds lent to others as stated in Longchen's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refundment, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 8 Endorsements and Guarantees Made to Others:

Number (Note 1)	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company (Note 3)	Maximum outstanding endorsements and guarantee amount during the current period (Note 4)	Ending balance of endorsement and guarantee (Note 5)	Actual amount of disbursement (Note 6)	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount in the net worth of the latest financial statements	Maximum limit of endorsement and guarantee (Note 3)	Provision of endorsements and guarantees by parent company to subsidiary (Note 7)	Provision of endorsements and guarantees by subsidiary to parent company (Note 7)	Provision of endorsements and guarantees to the party in Mainland China (Note 7)
		Name of company	Relationship (Note 2)										
1	Jiangsu Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	2	The total limit to loans granted to a single party by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd. (Amount: NT$45,899,619 thousand)	$5,613,046	$5,613,046	$1,347,877	-	36.69%	The total limit to loans granted to others by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Jiangsu Longchen Greentech Co., Ltd. (Amount: NT$45,899,619 thousand)	N	N	Y
1	Jiangsu Longchen Greentech Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	2		2,346,240	2,167,990	573,040	-	14.17%		N	N	Y
1	Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	2		177,640	177,640	176,320	-	1.16%		N	N	Y
1	Jiangsu Longchen Greentech Co., Ltd.	Xiantao Longchen Greentech Co., Ltd.	2		217,500	217,500	-	-	1.42%		N	N	Y
1	Jiangsu Longchen Greentech Co., Ltd.	Wuhan Longchen Greentech Co., Ltd.	2		217,500	217,500	108,437	-	1.42%		N	N	Y
1	Jiangsu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.			222,350	222,350	44,080	-	1.45%		N	N	Y
2	Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2	The total limit to loans granted to a single party by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$28,387,392 thousand)	133,170	133,170	132,240	-	1.41%	The total limit to loans granted to others by Longchen should not exceed three hundred percent (300%) of the net worth of the latest audited/reviewed financial statements of Pinghu Longchen Greentech Co., Ltd. (Amount: NT$28,387,392 thousand)	N	N	Y

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:
(1) A company with business transaction;
(2) A company in which Longchen holds more than 50% voting shares directly or indirectly;
(3) A company which holds more than 50% voting shares of Longchen directly or indirectly;
(4) A company in which Longchen holds 90% or more voting shares directly or indirectly;
(5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
(6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
(7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in Longchen's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

Attachment 9 Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures):

Name of company which holds securities	Securities (Note 1)		Relationship between the issuer of securities and the company (Note 2)	Account	Ending				Note (Note 4)
	Category	Name			Number of shares	Book value (Note 3)	Shareholding percentage	Fair value	
Long Chen Investment Developing Co., Ltd.	Stocks	PYXIS GROUP	—	Financial assets at fair value through profit or loss - non-current	2,598,000 Shares	$-	0.11%	$-	
Long Chen Investment Developing Co., Ltd.	Stocks	Sheng Ying Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	1 Shares	-	0.06%	-	
Long Chen Investment Developing Co., Ltd.	Funds	PHI Fund, L.P.	—	Financial assets at fair value through profit or loss - non-current	USD 7,501,682	230,264	11.49%	230,264	

Note 1: "Securities" herein refer to stocks, bonds, beneficiary certificates, and derivative securities from them as defined in IFRS 9 - “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, please leave this column blank.

Note 3: In case of measurement at fair value, please fill in the "Book Value" column the book balance after valuation adjustment at fair value and deduction of loss allowance. In other cases, fill in the "Book Value" column the book balance of the amortized cost (with loss allowance deducted).

Note 4: If any securities are restricted due to the provision of security or secured borrowings, or subject to other agreements, specify the number of shares or amount for such security or secured borrowings and restriction of use.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 10 Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable		Note (Note 2)
			Purchase / sale	Amount	Ratio in total purchases/sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable (%)	
Wuxi Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	$183,704 (CNY 41,545 thousand)	1.58%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable $64,815 (CNY 14,704 thousand)	2.68%	
Wuxi Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	1,935,391 (CNY 437,693 thousand)	16.66%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable $229,216 (CNY 52,000 thousand) Accounts payable 179,137 (CNY 40,639 thousand)	16.90%	
			Purchase	1,402,657 (CNY 317,214 thousand)	14.27%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 51,362 (CNY 11,652 thousand)	6.21%	
Wuxi Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Sale	460,088 (CNY 104,050 thousand)	3.96%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 178,039 (CNY 40,339 thousand)	7.37%	
Wuxi Longchen Greentech Co., Ltd.	Wuxi Longchen Resources Co., Ltd.	Longchen's sub-subsidiary	Purchase	806,196 (CNY 182,323 thousand)	8.20%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 95,138 (CNY 21,583 thousand)	11.50%	
Wuxi Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	233,383 (CNY 52,780 thousand)	2.01%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable -	-	
Wuxi Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	197,181 (CNY 44,593 thousand)	1.70%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 39,672 (CNY 9,000 thousand) Accounts receivable 104,884 (CNY 23,794 thousand)	5.9%	
Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	2,770,819 (CNY 626,627 thousand)	21.03%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 480,291 (CNY 108,959 thousand) Accounts payable 308,344 (CNY 69,951 thousand)	24.55%	
			Purchase	1,487,308 (CNY 336,358 thousand)	13.50%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts payable 253,337 (CNY 57,472 thousand)	39.77%	
Pinghu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	440,659 (CNY 99,656 thousand)	3.34%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 132,350 (CNY 30,025 thousand)	4.12%	

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 10 Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable/payable		Note (Note 2)
			Purchase / sale	Amount	Ratio in total purchases/sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable (%)	
Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Sale	$654,387 (CNY 147,991 thousand)	4.97%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable $142,171 (CNY 32,253thousand)	4.83%	
Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	289,190 (CNY 65,401 thousand)	2.19%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 99,180 (CNY 22,500 thousand) Accounts receivable 56,206 (CNY 12,751 thousand)	4.84%	
Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	1,595,553 (CNY 380,838 thousand)	15.15%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Accounts receivable 1,023,890 (CNY 232,280 thousand)	46.25%	
			Purchase	825,068 (CNY 186,591 thousand)	11.53%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes payable 119,016 (CNY 27,000 thousand)	8.31%	
Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Sale	410,157 (CNY 92,758 thousand)	3.20%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 170,590 (CNY 38,700 thousand) Accounts receivable 144,362 (CNY 32,750 thousand)	15.56%	
Hubei Longchen Greentech Co., Ltd.	Hubei Longchen Resources Co., Ltd.	Longchen's sub-subsidiary	Purchase	827,907 (CNY 187,233 thousand)	7.12%	Prepayment or monthly settlement within 90 days	Subject to a distribution agreement	-	-	-	
Wuxi Longchen Resources Co., Ltd.	Wuhan Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Sale	458,037 (CNY 103,586 thousand)	3.57%	Advance payment or monthly settlement within 90 days	Subject to a distribution agreement	-	Notes receivable 130,036 (CNY 29,500 thousand) Accounts payable 152,336 (CNY 34,559 thousand)	13.95%	

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 11 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note)	Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
					Amount	Action taken		
Wuxi Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Notes receivable $229,216 (CNY 52,000 thousand) Accounts receivable 179,137 (CNY 40,639 thousand)	3.61 times	–	–	–	–
Wuxi Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 178,039 (CNY 40,390 thousand)	5.11 times	–	–	–	–
Wuxi Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 39,672 (CNY 9,000 thousand) Accounts receivable 104,884 (CNY 23,794 thousand)	1.49 times	–	–	–	–
Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 480,291 (CNY 108,959 thousand) Accounts receivable 308,344 (CNY 69,951 thousand)	2.92 times	–	–	–	–
Pinghu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 132,350 (CNY 30,025 thousand)	3.53 times	–	–	–	–
Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 142,171 (CNY 32,253 thousand)	3.51 times	–	–	–	–
Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 99,180 (CNY 22,500 thousand) Accounts receivable 56,206 (CNY 12,751 thousand)	1.38 times	–	–	–	–
Pinghu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables 444,939 (CNY 100,939 thousand)	-				
Jiangsu Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 253,337 (CNY 57,472 thousand)	7.61 times	–	–	–	–
Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 1,023,890 (CNY 232,280 thousand)	1.51 times	–	–	–	–
		Longchen's sub-subsidiary	Other receivables 795,463 (CNY 180,459 thousand)	–	–	–	–	–

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 11 Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Creditor	Name of counterpart	Relationship	Balance of accounts receivable from related parties (Note)	Turnover rate	Amount overdue of accounts receivable from related parties		Accounts receivable from related party	Amount of provision for credit loss
					Amount	Action taken		
Jiangsu Longchen Greentech Co., Ltd.	Wuhan Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables $228,929 (CNY 51,935 thousand)	—	—	—	—	—
Jiangsu Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables 156,907 (CNY 35,596 thousand)	—	—	—	—	—
Hubei Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 119,016 (CNY 27,000 thousand)	5.18 times	—	—	—	—
Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Notes receivable 170,590 (CNY 38,700 thousand) Accounts receivable 144,362 (CNY 32,750 thousand)	1.19 times	—	—	—	—
Hubei Longchen Greentech Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Accounts receivable 152,336 (CNY 34,559 thousand) Notes receivable 130,036 (CNY 29,500 thousand)	2.43 times	—	—	—	—
Zhejiang Xiasha Longchen Packing Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables 246,187 (CNY 55,850 thousand)	—	—	—	—	—
Zhejiang Xiasha Longchen Packing Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables 138,852 (CNY 31,500 thousand)	—	—	—	—	—
Hong Kong Longchen Paper Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables 108,159 (CNY 24,537 thousand)	—	—	—	—	—
Wuxi Longchen Resources Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	Longchen's sub-subsidiary	Other receivables 264,912 (CNY 60,098 thousand)	—	—	—	—	—

Note : Please fill the accounts and notes receivable and other receivables from related parties separately.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 12 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Longchen Greentech Co., Ltd.	Manufacturing of converted paper and paperboard, sale of self-made products	USD 171,800 thousand	(2)	$4,858,912	$-	$-	$4,858,912	$(760,132)	98.84%	$(751,314)	$6,139,290	$-	
Suzhou Longchen Paper Co., Ltd.	Manufacturing and sale of top-grade paper, paperboard and novel packaging materials	USD 13,580 thousand	(2)	437,649	-	-	437,649	4,512	100.00%	4,512	503,517	-	
Jiangsu Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paper, paperboard and paper products	CNY 967,407 thousand	(2)	1,667,107	-	-	1,667,107	(24,834)	100.00%	(24,834)	15,299,873	-	
Zhejiang Xiasha Longchen Packing Co., Ltd.	Manufacturing and processing of top-grade paperboard, cartons and paper boxes	USD 19,500 thousand	(2)	392,073	-	-	392,073	62,674	100.00%	62,674	992,662	-	
Shanghai Minhang Longchen Paper Co., Ltd.	Manufacturing and processing of paperboard and paper products	USD 12,000 thousand	(2)	118,551	-	-	118,551	4,368	100.00%	4,368	292,197	-	
Pinghu Longchen Greentech Co., Ltd.	Manufacturing and sale of top-grade paper and paperboard	USD 164,590 thousand	(2)	2,755,127	-	-	2,755,127	(367,946)	100.00%	(367,946)	9,462,464	-	
Suzhou Mango Packaging Co., Ltd.	Wholesale, import and export of packaging materials, paper products, electronic products, and hardware	USD 2 ,500 thousand	(2)	76,178	-	-	76,178	(6,813)	100.00%	(6,813)	151,374	-	
Kunshan Longzhong Investment Co., Ltd.	General investment	USD 75,000 thousand	(2)	1,306,382	-	-	1,306,382	(27)	100.00%	(27)	2,265,380	-	
Hubei Longchen Greentech Co., Ltd.	Sewage treatment, resource recovery and recycling, manufacturing and sale of top-grade paper and paperboard	CNY 2,064,275 thousand	(2)	-	-	-	-	(1,448,488)	100.00%	(1,448,488)	4,565,838	-	
Xiantao Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	-	-	-	-	(63,688)	100.00%	(63,688)	72,151	-	

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 12 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Investee in Mainland China	Major business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of the first day of the current period	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as at the last day of the current period	Net income of the investee in the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company in the current period□ (Note 3)	Ending book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as at the last day of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuhan Longchen Greentech Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 105,000 thousand	(2)	$-	$-	$-	$-	$(85,654)	100.00%	$(85,654)	$342,627	-	
Jingzhou Longchen Greentech Co., Ltd	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 79,200 thousand	(2)	-	-	-	-	(27,567)	100.00%	(27,567)	133,061	$-	
Hunan Longchen Green Packing Co., Ltd.	Manufacturing, processing and sale of top-grade paperboard, cartons, paper boxes, and related package printed products	CNY 53,100 thousand	(2)	-	-	-	-	(380)	100.00%	(380)	233,486	-	
Nanjing Hongcheng Technology Co., Ltd	Renewable resource utilization technology research and development, information technology consulting, and recycling and wholesale of recycled materials	CNY 10,000 thousand	(2)	-	-	-	-	8,419	49.00%	4,194	61,201	-	
Shang Yang (Suzhou) Paper Packaging Co., Ltd.	Prints for packaging and decoration, color-printed paper cartons	-	(2)	185,150	-	-	185,150	-	-	-	-	-	Note 6
Rong Yang (Shanghai) Packaging Co., Ltd.	Design, manufacturing and processing of paper packaging products and similar products	-	(2)	8,879	-	-	8,879	-	-	-	-	-	Note 6
Ningbo Shang Yang Packaging Co., Ltd.	Design, manufacturing and processing of paper packaging products	-	(2)	1,492	-	-	1,492	-	-	-	-	-	Note 6
Sun Young (Chongqing) Packaging Co., Ltd.	Manufacturing and sale of cartons, pearl wool and foam, etc	-	(2)	14,633	-	-	14,633	-	-	-	-	-	Note 6
Kunshan Long Chen Trading Co., Ltd.	Wholesale, import and export of paper, paperboard, cartons, and packaging materials	-	(2)	2,426	-	-	2,426	-	-	-	-	-	Note 5
Kunshan Pao Long Trading Co., Ltd.	Commercial wholesale, import and export of papermaking equipment, accessories and materials	-	(2)	2,426	-	-	2,426	-	-	-	-	-	Note 5

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 12 Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees:

Amount of investments in Mainland China	Approved investment amount	Limit of investments in Mainland China	The Company's accumulated investment amount in Taiwan	Income remitted back to Taiwan by subsidiary
$11,826,985	$15,023,383	(Note 3)	$-	$-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in mainland China;
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Suzhou Mango Packaging Co., Ltd. listed as sub-subsidiary herein made such reinvestment through Long Chen Packaging Company (Cayman); Kunshan Long Chen Trading Co., Ltd. And Kunshan Pao Long Trading Co., Ltd. made such reinvestment through LongChen Paper Trading Limited; Zhejiang Fuchun Resort Tourism Development Co., Ltd. and Fuyang Fuchun Resort Co., Ltd. made such reinvestment through PAO LONG EASTERN LEISURE CAPITAL INC. Other reinvestments in companies in mainland China were made from Long Chen Paper (China) Holdings Co., Ltd.);
(3) Others

Note 2: In the "Investment income (loss) recognized by the Company in the current period" column, recognition is based on the financial statements that are audited and attested by the international accounting firm which has cooperative relationship with the accounting firm in R.O.C.

Note 3: Pursuant to Jing-Shen No. 09704604680 Letter issued by the Investment Commission, the Ministry of Economic Affairs (MOEA), the total amount of investments in companies in mainland China should not exceed sixty percent (60%) of the net worth, except the Taiwan-based subsidiaries of enterprises or multinational enterprises with the certificate of compliance with the operational headquarters' business scope issued by the Industrial Development Bureau, MOEA.
Longchen complies with such rule of the Industrial Development Bureau, MOEA. Therefore, Longchen's investments in mainland China are not limited to sixty percent (60%) of the net worth. Its validity period starts from August 17, 2022 till August 16, 2025.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Note 5: Kunshan Long Chen Trading Co., Ltd. and Kunshan Pao Long Trading Co., Ltd. invested by Longchen indirectly were winded up in Q4 of 2017. Their rights and obligations were liquidated, and the business registration was canceled. Additionally, the capital stock would be back to Long Chen Paper Trading Limited. Thus, no deduction is required.

Note 6: (1) Ningbo Shang Yang Packaging Co., Ltd. and Rong Yang (Shanghai) Packaging Co., Ltd. invested by Longchen indirectly were winded up in Q4 of 2016. Their rights and obligations were liquidated, and the business registration was canceled.
(2) The shares of Shang Yang (Suzhou) Paper Packaging Co., Ltd. and Shang Yang (Suzhou) Paper Packaging Co., Ltd. were transferred to non-related parties through the resale of full ownership to SENBO HOLDINGS LTD.
(3) The liquidated capital stock and the proceeds of sale were remitted back to Long Chen Paper (China) Holdings Co., Ltd. So no deduction was required.

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 13 Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details				
				Account	Amount		Transaction Conditions	Percentage of Total Consolidated Net Revenues or Assets(Note 3)
0	Longchen Paper & Packaging Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	1	Sales		$1,299,298	Advance Payment or Monthly Settlement Within 90 Days	2.45%
				Accounts receivabl		88,878		0.12%
0	Longchen Paper & Packaging Co., Ltd.	Wuxi Longchen Greentech Co., Ltd.	1	Sales		264,025	Advance Payment or Monthly Settlement Within 90 Days	0.50%
				Accounts receivabl		24,194		0.03%
0	Longchen Paper & Packaging Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	1	Sales		389,718	Advance Payment or Monthly Settlement Within 90 Days	0.74%
				Interest income		6,850	Interest Receive Upon Expiration	0.01%
				Accounts receivabl		57,539		0.08%
				Other receivable		661,200		0.91%
0	Longchen Paper & Packaging Co., Ltd.	Long Chen Paper Japan	1	Purchase		504,604	T/T	0.95%
				Accounts payable		86,620		0.12%
0	Longchen Paper & Packaging Co., Ltd.	Metis International INC	1	Purchase		1,842,957	T/T	3.48%
				Accounts payable		88,665		0.12%
1	Wuxi Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	3	Sales	CNY	45,545 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.35%
				Purchase	CNY	6,791 thousand	Prepayment or Monthly Settlement Within 90 Days	0.06%
				Interest expense	CNY	850 thousand	Interest Payment Upon Expiration	0.01%
				Accounts receivable	CNY	14,704 thousand		0.09%
				Other payabrles	CNY	18,709 thousand		0.11%
1	Wuxi Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2	Sales	CNY	437,693 thousand	Advance Payment or Monthly Settlement Within 90 Days	3.65%
				Purchase	CNY	317,214 thousand	Prepayment or Monthly Settlement Within 90 Days	2.65%
				Notes receivable	CNY	52,000 thousand		0.32%
				Accounts receivable	CNY	40,639 thousand		0.25%
				Accounts payable	CNY	11,652 thousand		0.07%
1	Wuxi Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	3	Sales	CNY	140,050 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.87%
				Interest expense	CNY	1,066 thousand	Interest Payment Upon Expiration	0.01%
				Accounts receivable	CNY	40,390 thousand		0.25%
				Other payables	CNY	31,500 thousand		0.19%
1	Wuxi Longchen Greentech Co., Ltd.	Wuxi Longchen Resources Co., Ltd.	1	Purchase	CNY	182,323 thousand	Prepayment or Monthly Settlement Within 90 Days	1.52%
				Accounts payable	CNY	21,583 thousand		0.13%
1	Wuxi Longchen Greentech Co., Ltd.	Pinghu Longchen Greentech Co., Ltd.	3	Sales	CNY	52,780 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.44%
				Purchase	CNY	9,847 thousand	Prepayment or Monthly Settlement Within 90 Days	0.08%
				Accounts payable	CNY	2,175 thousand		0.01%

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 13 Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details			
				Account	Amount	Transaction Conditions	Percentage of Total Consolidated Net Revenues or Assets□(Note 3)
1	Wuxi Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper co., Ltd.	3	Sales	CNY 44,593 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.37%
				Notes receivable	CNY 9,000 thousand		0.05%
				Accounts receivable	CNY 23,794 thousand		0.14%
1	Wuxi Longchen Greentech Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	3	Interest expense	CNY 1,052 thousand	Interest Payment Upon Expiration	0.01%
				Other payables	CNY 24,537 thousand		0.15%
2	Pinghu Longchen Greentech Co., Ltd.	Jiangsu Longchen Greentech Co., Ltd.	2	Sales	CNY 626,627 thousand	Advance Payment or Monthly Settlement Within 90 Days	5.23%
				Purchase	CNY 336,358 thousand	Prepayment or Monthly Settlement Within 90 Days	2.81%
				Notes receivable	CNY 108,959 thousand		0.66%
				Accounts receivable	CNY 69,951 thousand		0.42%
				Accounts payable	CNY 57,472 thousand		0.35%
2	Pinghu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	3	Sales	CNY 99,656 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.83%
				Accounts receivabl	CNY 30,025 thousand		0.18%
2	Pinghu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	3	Sales	CNY 147,991 thousand	Advance Payment or Monthly Settlement Within 90 Days	1.24%
				Purchase	CNY 10,876 thousand	Prepayment or Monthly Settlement Within 90 Days	0.09%
				Accounts receivable	CNY 32,253 thousand		0.20%
2	Pinghu Longchen Greentech Co., Ltd.	Shanghai Minhang Longchen Paper co., ltd.	3	Sales	CNY 65,401 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.55%
				Notes receivable	CNY 22,500 thousand		0.14%
				Accounts receivable	CNY 12,751 thousand		0.08%
2	Pinghu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	3	Interest income	CNY 5,770 thousand	Interest Receive Upon Expiration	0.05%
				Other receivable	CNY 100,939 thousand		0.61%
3	Jiangsu Longchen Greentech Co., Ltd.	Hubei Longchen Greentech Co., Ltd.	1	Sales	CNY 360,838 thousand	Advance Payment or Monthly Settlement Within 90 Days	3.01%
				Purchase	CNY 186,591 thousand	Prepayment or Monthly Settlement Within 90 Days	1.56%
				Accounts receivable	CNY 232,280 thousand		1.41%
				Other receivable	CNY 180,459 thousand		1.10%
				Notes payable	CNY 27,000 thousand		0.16%
				Prepayment	CNY 111,716 thousand		0.68%
3	Jiangsu Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	1	Sales	CNY 20,559 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.17%
				Accounts receivable	CNY 3,341 thousand		0.02%
3	Jiangsu Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	1	Sales	CNY 13,962 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.12%
				Purchase	CNY 8,430 thousand	Prepayment or Monthly Settlement Within 90 Days	0.07%
				Accounts receivable	CNY 1,817 thousand		0.01%
				Account payable	CNY 583 thousand		—

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated in Notes)

Attachment 13 Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details				
				Account	Amount		Transaction Conditions	Percentage of Total Consolidated Net Revenues or Assets□(Note 3)
3	Jiangsu Longchen Greentech Co., Ltd.	Wuhan Longchen Greentech Co., Ltd.	1	Interest income	CNY	2,462 thousand	Interest Receive Upon Expiration	0.02%
				Other receivable	CNY	51,935 thousand		0.32%
3	Jiangsu Longchen Greentech Co., Ltd.	Jingzhou Longchen Greentech Co., Ltd.	1	Interest income	CNY	596 thousand	Interest Receive Upon Expiration	—
				Other receivable	CNY	35,596 thousand		0.22%
4	Hubei Longchen Greentech Co., Ltd.	Xiantao Longchen Greentech Co., Ltd.	3	Sales	CNY	92,758 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.77%
				Notes receivable	CNY	38,700 thousand		0.23%
				Accounts receivable	CNY	32,750 thousand		0.20%
				Paepayment	CNY	20,313 thousand		0.12%
4	Hubei Longchen Greentech Co., Ltd.	Hubei Longchen Resources Co., Ltd.	1	Purchase	CNY	187,233 thousand	Prepayment or Monthly Settlement Within 90 Days	1.56%
				Paepayment	CNY	8,414 thousand		0.05%
4	Hubei Longchen Greentech Co., Ltd.	Zhejiang Xiasha Longchen Packing Co., Ltd.	3	Interest expense	CNY	2,165 thousand	Interest Payment Upon Expiration	0.02%
				Other payables	CNY	55,850 thousand		0.34%
4	Hubei Longchen Greentech Co., Ltd.	Wuhan Longchen Greentech Co., Ltd.	3	Sales	CNY	103,586 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.86%
				Notes receivable	CNY	29,500 thousand		0.18%
				Accounts receivable	CNY	34,559 thousand		0.21%
4	Hubei Longchen Greentech Co., Ltd.	Suzhou Longchen Paper Co., Ltd.	3	Interest expense	CNY	446 thousand	Interest Payment Upon Expiration	—
				Other payables	CNY	10,263 thousand		0.06%
4	Hubei Longchen Greentech Co., Ltd.	Hong Kong Long Chen Paper Co., Ltd.	3	Interest expense	CNY	1,616 thousand	Interest Payment Upon Expiration	0.01%
				Other payables	CNY	60,098 thousand		0.36%
5	Wuhan Longchen Greentech Co., Ltd.	Xiantao Longchen Greentech Co., Ltd.	3	Sales	CNY	18,284 thousand	Advance Payment or Monthly Settlement Within 90 Days	0.15%
				Account receivable	CNY	6,696 thousand		0.04%

Note 1: The information on transactions between the parent company and subsidiaries should be specified in the “Number” column. The numbers in the “Number” column should be represented as follows:
1. 0 for the parent company;
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with counterparties and they are labeled as follows:
1. The parent company to a subsidiary;
2. Subsidiary to the parent company;
3. Subsidiary to a subsidiary

Attachment 14 Information of major shareholders

Shareholders (Note)	Shares	
	Total Shares Owned	Ownership Percentage
Baolong International Co., Ltd.	254,968,740	19.20%
Long Sheng Investment Co., Ltd.	115,099,216	8.66%
Qian Jiang Investment Co., Ltd.	101,902,804	7.67%
Yuema Engineering Co., Ltd.	91,529,562	6.89%

Note: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a differenent calculation basis.