Pan Asia Chemical Corporation

Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditor's Audit Report

To Pan Asia Chemical Corporation:

Audit opinions

We have audited the accompanying balance sheet of Pan Asia Chemical Corporation as of December 31, 2022 and 2021, and the related statement of income, statement of changes in shareholders equity, statement of cash flows, and Note of the financial statements (including major accounting policy) for the years then ended.

According to our certified public accountant opinions, the aforementioned financial statements have been prepared for all material aspects in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards Board (IASB), interpretation and interpretation public announcement promulgated by and validated under Regulations Governing the Preparation of Financial Reports by Securities Issuers and acknowledged by the Financial Supervisory Commission, adequate enough to fairly express the financial conditions of Pan Asia Chemical Corporation as of December 31, 2022 and 2021 and financial performance and cash flow status of Pan Asia Chemical Corporation during January 1–December 31, 2022 and 2021.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the financial statements. We are independent of Pan Asia Chemical Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of Pan Asia Chemical Corporation, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the financial statements of Pan Asia Chemical Corporation in 2022. These matters were addressed in the content of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the financial statements of Pan Asia Chemical Corporation in 2022 included:

<u>Recognition of sales revenues of specific targets.</u>

Pan Asia Chemical Corporation's primarily engages in such business as manufacturing and processing of various non-ionic surfactants, trading and import and export business, which could be divided into two parts: Ethylene oxide derivative products and esterified products. Under the Auditing Standards Bulletin prevalent in Taiwan, the revenue is recognized as having a risk of fraud. Accordingly, the sales revenues received from application sales targets are deemed an issue for key audit. On revenue recognition accounting policy and department revenue and operating result, please refer to Notes 4 and 34 of Notes to Financial Statements for more details.

Pursuant to the consideration of Pan Asia Chemical Corporation's industrial characteristics and primary operating conditions in recent years, we, the certified public accountant, perform the following procedures to respond to potential audit risks:

1. Looking into, evaluating and testing the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. We obtained the sales revenue details of the specific sales objects in the year 2022, and sample audited the original purchase orders, shipping orders, invoices and other related documents of the subject transactions, and further checked with the entered amounts to confirm the authenticity of the revenues.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Responsibilities of Management and Those in Charge with Governance of the Financial Statements

The management is supposed to assume the responsibility to prepare and maintain financial statements that are rationally expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), explanation and explanatory announcement acknowledged and promulgated by the Financial Supervisory Commission with effort to maintain the necessary internal control system to assure that the financial statements are free of existence of fraudulent or erroneous material expression.

In preparing the financial statements, the management is responsible for assessing the ability of Pan Asia Chemical Corporation as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Pan Asia Chemical Corporation or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of Pan Asia Chemical Corporation.

Auditor's Responsibilities for the Audit of the Financial Statements

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

We conducted the audit in accordance with the Statement of Auditing Standards with professional judgment and suspicion. We also perform the following works:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 internal control effective in Pan Asia Chemical Corporation.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pan Asia Chemical Corporation and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Pan Asia Chemical Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the statements, including related notes, whether the statements represent the underlying transactions and events in a matter that achieves fair presentation.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the financial statements of Pan Asia Chemical Corporation of 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA:Su-Huan Yu

CPA: Pan-Fa Wang

Securities and Futures Commission Approval No.
Tai-Tsai-Cheng (VI) No. 0920123784

Financial Supervisory Commission approval no.
Jin-Guan-Zheng-Shen No. 1100356048

March 8, 2023

Pan Asia Chemical Corporation
Balance Sheets
December 31, 2022 and 2021

Unit: NTD thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 26)	$ 542,644	7	$ 516,151	6
1110	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 7)	21,608	-	76,538	1
1150	Notes receivable (Note 4 and 10)	26,418	-	18,205	-
1170	Accounts receivable (Note 4 and 10)	126,796	2	176,317	2
1180	Accounts receivable - related parties (Note 10 and 26)	-	-	164	-
1200	Other receivable (Note 4, 10 and 26)	12,901	-	7,792	-
1310	Inventory (Note 4 and 11)	232,387	3	217,599	3
1410	Prepayments	14,572	-	29,800	-
1470	Other current assets (Note 12 and 27)	16,112	-	14,637	-
11XX	Total current assets	993,438	12	1,057,203	12
	Non-Current assets				
1517	Financial assets at fair value through other comprehensive income-non-current (Note 4, 8, 9 and 27)	2,783,985	33	3,196,871	36
1550	Investment by equity method (Note 4, 13 and 26)	3,828,619	45	3,565,269	41
1600	Real estates, plant and equipment - net (Notes 4, 14 and 327)	871,629	10	931,276	11
1755	Right-of-use assets (Note 4 and 15)	-	-	2,825	-
1780	Intangible assets – net (Note 4 and 16)	119	-	184	-
1840	Deferred income tax assets – net (Notes 4 and 24)	95	-	9,111	-
1900	Other assets (Note 4 and 17)	17	-	26,967	-
15XX	Total non-current assets	7,484,464	88	7,732,503	88
1XXX	Total assets	$ 8,477,902	100	$ 8,789,706	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Note 18)	$ 1,485,000	18	$ 1,010,000	12
2110	Short-term bills payable (Note 18)	399,178	5	450,000	5
2170	Accounts payable	36,512	-	46,093	1
2180	Accounts payable - related parties (Note 26)	255,727	3	125,853	1
2200	Other payables (Note 49 and 26)	61,821	1	57,408	1
2230	Current income tax liability (Notes 4 and 24)	16,933	-	5,438	-
2280	Lease liabilities – current (Note 4, 15 and 26)	-	-	2,883	-
2320	Long-term liability due in one year or one business cycle (Note 18 and 27)	160,000	2	519,000	6
2399	Other current liabilities	10,587	-	29,235	-
21XX	Total of current liabilities	2,425,758	29	2,245,910	26
	Non-current liabilities				
2540	Long-term loans (Note 18 and 27)	319,000	4	653,000	7
2570	Deferred tax liabilities (Note 4 and 24)	40,896	-	40,896	1
2640	Defined benefit liabilities (Note 4 and 20)	11,256	-	22,161	-
2645	Deposits received (Note 29)	2,000	-	2,000	-
25XX	Total non-current liability	373,152	4	718,057	8
2XXX	Total liabilities	2,798,910	33	2,963,967	34
	Equity (Note 4, 8 and 21)				
3110	Common stock capital	3,526,283	42	3,280,263	37
3200	Capital surplus	872,725	10	872,725	10
	Retained earnings				
3310	Legal reserve	281,991	3	247,932	3
3320	Special reserve	123,164	2	123,164	1
3350	Undistributed earnings	834,095	10	755,513	9
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(2,128)	-	(4,730)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	42,862	-	550,872	6
3XXX	Total equity	5,678,992	67	5,825,739	66
	Total Liabilities and Equity	$ 8,477,902	100	$ 8,789,706	100

The notes attached shall constitute an integral part of this financial statement.

Chairman: Kuei-Hsien Wang Manager: Jeh-Yi Wang Accounting Head: Wen Yu-Tao

Pan Asia Chemical Corporation
statement of comprehensive income
January 1 to December 31, 2021 and 2022

Unit: NTD thousands, except Earnings Per Share (NTD)

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating income (Note 4, 22 and 26)	$ 1,828,734	100	$ 1,727,577	100
5000	Operating expenses (Note 11, 20, 23 and 26)	1,560,628	85	1,533,986	89
5900	Gross profit	268,106	15	193,591	11
	Operating expenses (Note 10, 20, 23 and 26)				
6100	Marketing expenses	86,130	5	70,949	4
6200	Administration expenses	54,996	3	52,736	3
6450	Expected credit impairment (reversal gain) losses (Note 4 and 10)	1,916	-	(240)	-
6000	Total operating expenses	143,042	8	123,445	7
6900	Net Operating Income	125,064	7	70,146	4
	Non-operating revenues and expenses				
7050	Financial cost (Note 23 and 26)	(35,378)	(2)	(31,814)	(2)
7060	Shareholding in the affiliated companies and joint ventures under the equity method (Note 4 and 13)	297,355	16	267,035	15
7100	Interest revenue (Note 26)	9,043	1	7,912	1
7130	Dividend income (Note 48)	1,296	-	26,082	2
7010	Other income (Note 23 and 26)	1,111	-	4,738	-
7210	Gains on disposal of property, plant and equipment	699	-	-	-
7235	Gain (loss) of financial assets measured at fair value through profit and loss	(10,081)	-	14,466	1
7590	Miscellaneous income	(86)	-	(110)	-
7610	Losses from disposal of property or equipment	-	-	(358)	-
7630	Foreign exchange gain (loss) – net	41,390	2	(10,679)	(1)
7000	Total non-operating revenues and expenses	305,349	17	277,272	16
7900	Income before tax from continuing operations	$ 430,413	24	$ 347,418	20
7950	Income tax expenses (Note 4 and 24)	(28,316)	(2)	(4,440)	-
8200	Net income	402,097	22	342,978	20
	Other comprehensive income (Note 4, 13, 20and 24)				
8310	The items that are not re-classified as profit or loss				
8311	Reevaluation of determined benefit plan	10,014	-	(2,294)	-
8316	Unrealized valuation gains or losses of equity instruments investments in financial assets measured at FVTOCI	(426,604)	(23)	(99,541)	(6)
8320	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	(3,120)	-	17,418	1
8349	Incomes tax related to titles not subject to reclassification	(2,002)	-	459	-
8360	Items that may be re-classified subsequently under profit or loss				
8367	Unrealized valuation gain and loss of debt instruments investments in financial assets measured at FVTOCI	1,000	-	(4,052)	-
8370	The share of other comprehensive investment in affiliated enterprise(s) and joint venture recognized using the equity method-items likely to be reclassified to profits and losses	(74,734)	(4)	(12,186)	(1)
8300	Current period other comprehensive income (post-tax profit or loss)	(495,446)	(27)	(100,196)	(6)
8500	Current period other comprehensive income (Gross)	($ 93,349)	(5)	$ 242,782	14
	Earnings per share (Note 25)				
	Business units in continuing operation				
9710	Basic	$ 1.14		$ 0.97	
9810	Diluted	$ 1.14		$ 0.97	

The notes attached shall constitute an integral part of this financial statement.

Chairman: Kuei-Hsien Wang Manager: Jeh-Yi Wang Accounting Head: Wen Yu-Tao

Pan Asia Chemical Corporation
Statement of changes in equity
January 1 to December 31, 2021 and 2022

Unit: NTD thousand

		Capital stock		Retained earnings			Other equity		
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Total equity
A1	Balance as of January 1, 2021	$ 3,023,284	$ 872,725	$ 218,640	$ 168,568	$ 701,144	($ 6,739)	$ 656,122	$ 5,633,744
	The 2020 appropriation and distribution of earnings								
B1	Legal reserve appropriated	-	-	29,292	-	(29,292)	-	-	-
B5	Cash dividends	-	-	-	-	(45,349)	-	-	(45,349)
B9	Stock dividends	256,979	-	-	-	(256,979)	-	-	-
B17	Reversal of special reserve	-	-	-	(45,404)	45,404	-	-	-
D1	110 Profit	-	-	-	-	342,978	-	-	342,978
D3	Other comprehensive profit and loss after tax in 2021	-	-	-	-	2,851	2,009	(105,056)	(100,196)
D5	Total comprehensive profit and loss in 2021	-	-	-	-	345,829	2,009	(105,056)	242,782
C7	Changes of the associates and joint ventures recognized under the Equity Method (Note 13)	-	-	-	-	(5,321)	-	(117)	(5,438)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	77	-	(77)	-
Z1	Balance as of December 31, 2021	3,280,263	872,725	247,932	123,164	755,513	(4,730)	550,872	5,825,739
	The 2022 appropriation and distribution of earnings								
B1	Legal reserve appropriated	-	-	34,059	-	(34,059)	-	-	-
B5	Cash dividends	-	-	-	-	(49,204)	-	-	(49,204)
B9	Stock dividends	246,020	-	-	-	(246,020)	-	-	-
D1	111 Profit	-	-	-	-	402,097	-	-	402,097
D3	Other comprehensive profit and loss after tax in 2022	-	-	-	-	11,028	2,602	(509,076)	(495,446)
D5	Total comprehensive profit and loss in 2022	-	-	-	-	413,125	2,602	(509,076)	(93,349)
C7	Changes of the associates and joint ventures recognized under the Equity Method (Note 13)	-	-	-	-	(5,260)	-	1,066	(4,194)
Z1	Balance as of December 31, 2022	$ 3,526,283	$ 872,725	$ 281,991	$ 123,164	$ 834,095	($ 2,128)	$ 42,862	$ 5,678,992

The notes attached shall constitute an integral part of this financial statement.

Chairman: Kuei-Hsien Wang Manager: Jeh-Yi Wang Accounting Head: Wen Yu-Tao

Pan Asia Chemical Corporation
Statement of Cash Flows
January 1 to December 31, 2021 and 2022

Unit: NTD thousand

Code		2022	2021
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 430,413	$ 347,418
A20010	Profits and loss		
A20100	Depreciation expenses	68,184	74,034
A20200	Amortization expenses	65	66
A20300	Expected credit impairment (reversal benefit) loss	1,916	(240)
A20400	Net gain (loss) of financial assets measured at fair value through profit and loss	10,081	(14,466)
A20900	Financial costs	35,378	31,814
A21200	Interest revenue	(9,043)	(7,912)
A21300	Dividend income	(1,296)	(26,082)
A22300	Shareholding in profit or loss of affiliated company and joint ventures under the equity method	(297,355)	(267,035)
A22500	Loss (gain) on disposal and scrapping of property, plant and equipment	(699)	358
A23100	Gain on disposal of investment	(860)	-
A23200	Losses from disposal of investment accounted for using equity method	870	15
A30000	Net change in operating assets and liabilities		
A31150	Accounts receivable	34,447	20,793
A31200	Inventory	(14,788)	(101,759)
A31230	Prepayments	15,228	(12,609)
A31240	Other current assets	1	(12)
A32150	Payables	124,533	49,580
A32230	Other current liabilities	(18,648)	8,734
A32240	Net determined benefit liability	(891)	(859)
A33000	Cash generated from operating activities	377,536	101,838
A33100	Interest received	9,043	7,912
A33200	Dividends received	64,611	82,303
A33300	Interest payment	(35,205)	(31,821)
A33500	Income tax payment	(9,807)	(1,591)
AAAA	Net cash inflow from operating activities	406,178	158,641
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	($ 12,718)	($ 836)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	-	916
B00200	Disposal of financial assets at fair value through profit and loss	45,709	-
B01800	Acquisition of investment under the equity method	(122,939)	(94,369)
B02400	Capital returned due to capital reduction by investee using the equity method	10,711	-
B02700	Purchase of property, plant, and equipment	(7,972)	(11,781)
B02800	Disposal of property, plant and equipment	2,959	-
B03700	Increase in refundable deposits	-	(29)
B03800	Decrease in refundable deposit	26,950	-
B04500	Acquisition of intangible assets	-	(195)
B06500	Decrease (increase) in other current assets	(1,476)	374
BBBB	Net cash outflow from investing activities	(58,776)	(105,920)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	475,000	30,000
C00500	Increase (decrease) in short-term notes payable	(50,822)	50,000
C01600	Proceeds from long-term loan	230,000	50,000
C01700	Re-payments of long-term borrowings	(923,000)	(248,000)
C04020	Repayment of rental principal	(2,883)	(5,710)
C04500	Cash dividend released	(49,204)	(45,349)
CCCC	Net cash outflow from financing activities	(320,909)	(169,059)
EEEE	Amounts of increase (decrease) in cash & cash equivalents	26,493	(116,338)
E00100	Balance of cash and cash equivalents, beginning of period	516,151	632,489
E00200	Balance of cash and cash equivalent, end of period	$ 542,644	$ 516,151

The notes attached shall constitute an integral part of this financial statement.

Chairman: Kuei-Hsien Wang　　Manager: Jeh-Yi Wang　　Accounting Head: Wen Yu-Tao

Individual financial statement and notes.

January 1 to December 31, 2021 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company History

Pan Asia Chemical Corporation (hereinafter referred to as the Company) was incorporated on April 6, 1982 and was officially approved for listing in over-the-counter exchanges on May 20, 1998. The Company primarily engages in such business as manufacturing and processing, trading and import and export trade business for a variety of non-ionic surfactants.

The Company's ultimate parent company and ultimate controller is China Man-Made Fiber Corporation Co., Ltd., which held 44% of the Company's common shares as of December 31, 2022 and 2021.

This financial report is presented using the Company's functional currency.

2. Financial reporting date and procedures

The financial statements were approved for publication by the board of directors on March 8, 2023.

3. Application of new and revised standards and interpretation

(1) The Company has applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (abbreviated collectively as "IFRSs") endorsed and published by the Financial Supervisory Commission (abbreviated as "the FSC" in the following context) for the first time.

The IFRSs to which the amendment is applicable and recognized and promulgated to take effect by the Financial Supervisory Commission, R.O.C. (Taiwan) will not cause major changes in the company's accounting policy.

(2) Applicable FSC-approved IFRSs as of 2023

The new/amended/revised standards or interpretation	Effective Date per IASB
IAS 1 amended "Disclosure of accounting policies."	January 1, 2023 (Note 1)
IAS 8 amended "Definition of accounting estimations."	January 1, 2023 (Note 2)
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023 (Note 3)

Note 1: This amendment is applicable for annual reporting period extension commenced after January 1, 2023.

Note 2: This amendment is applicable for changes in accounting estimation and accounting policy occurring during the annual reporting period after January 1, 2023.

Note 3: The amendments apply to transactions occurring on or after January 1, 2022, except for the recognition of deferred tax for temporary differences related to leases sand decommissioning obligations on January 1, 2022.

1. IAS 1 amended "Disclosure of accounting policies."

The said amendment expressly stipulates that the Company should determine the significant accounting policy information that should be disclosed based on the definition of materiality. If the accounting policy information can be reasonably expected to affect the main users of financial statements for general purpose who use the said financial statements as the basis for making decisions. Amendment and Clarification:

The accounting policy information related to non-significant transactions, other issues or circumstances is attributed as non-significant and the Company is not required to disclose such information.

The Company may judge and determine that the relevant accounting policy information is significant as a result of the attribute of the transaction, other issues or circumstances even if the amount is not significant.

All accounting policy information not related to major transactions, other matters, or situations is considered major.

In addition, the amendment also cites examples to explain if the accounting policy information is related to major transactions or others matters or situations and that the following situations occur, the said information may be considered major:

(1) The Company changed its accounting policy during the reporting period where such change resulted in a significant change in the financial statement information;
(2) The Company selects its own applicable accounting policy from the provided options allowed by the standard;
(3) Amidst the inadequate specific standards, the Company has established accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
(4) The Company discloses relevant accounting policies where it shall adopt significant judgments or assumptions to determine; or
(5) Involves complex accounting disposal regulations and financial statement users' dependence on information on the said information to understand major transactions, or other matters or situations.

2. IAS 8 amended "Definition of accounting estimations."

The said amendment expressly specifies that the accounting estimate refers to the monetary amount affected by measurement uncertainty amidst the financial statements. Where the Company is subject to the accounting policies, it might possibly be required to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated instead. Accordingly, it is necessary to use measurement techniques and input values to develop accounting estimates to accomplish such purpose. Where the impact of changes in measurement technology or input values on accounting estimates is not a correction toward a preceding error, these changes are attributed to changes in accounting estimates.

Further to the above effects, the assessment of Company on other IFRSs as of the day this financial statement was approved for release did not cause significant influence on the consolidated financial position and consolidated financial performance.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new/amended/revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates."	Undefined
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with	January 1, 2024

Covenants”

Note 1: Unless otherwise specified, the aforementioned newly corrected/amended standards or interpretations come to effect during the annual reporting period starting after respective dates.

Note 2: the amendments to IFRS 16 shall retro-actively apply to sale and leaseback transactions entered into by the seller, concurrently serving as the lessee, after the first application date of IFRS 16.

Apart from the impacts mentioned above, the Company continues to evaluate how revisions of other standards and interpretations affect its financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

4. Summary of important accounting policies

(1) Compliance Statement

This financial statement is prepared in accordance with “Regulation Governing the Preparation of Financial Reports by Securities Issuers” and IFRSs approved and announced effective by FSC.

(2) Basis of preparation

Except for a financial instrument measured at the fair value and such net confirmed welfare liabilities recognized at the fair value of planned assets deducted with the present value of confirmed welfare obligations, this financial statement is prepared on a historical cost basis.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input: Referred to as those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Current and non-current assets and liabilities

Current assets including:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

For those that are not current assets or liabilities above are classified as non-current assets or liabilities.

(4) Foreign Currency

Where the Company prepares financial statement, the transactions in currencies other than the Company’s functional currency (foreign currency) shall be converted into functional currency records based on the exchange rate quoted on the transaction day.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive profit or loss, the exchange difference is recognized in the other comprehensive profit or loss.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

(5) Inventory

Inventories include raw materials, supplies, work-in-progress, products contracted to be processed, finished goods and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventory is calculated using the weighted average method.

(6) Investments in the affiliated company

The term "affiliated enterprise" as set forth herein denotes a company that has significant influence upon the Company but is not a subsidiary.

The Company adopts equity method for investment in associates.

Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss. In addition, the changes in the equity of affiliates shall be recognized in proportion to the proportion of shareholding.

When associates issue new shares, if the Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of associates under the equity method and investment under equity method. If the Consolidated Company' did not subscribe to the new shares pro rata to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the associate, nevertheless, the amount of other comprehensive income so recognized was reclassified pro rata to the decrease ratio in the associate. The accounting management was on the grounds same as the grounds the associate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Company's shares of loss in the associates equal to or exceed its equity in the associates (including the book value of investment in the associates in equity method and other long-term interest of the Consolidated Company in the investment composition of the associates), the Company discontinued recognition of the further losses. The Company recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Consolidated Company had made payment on behalf of the associate.

Upon evaluation of an impairment, the Company deems the overall book value of an investment (including goodwill) as a single asset to compare the recoverable amount with the book amount. Meanwhile, it conducts an impairment test. The recognized impairment loss is not allocated to the component of the any assets in the investment book amount. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

The Company ceases to adopt an equity method on the day while its investment is no longer an affiliated company and its retained equity in the original affiliated company and the original joint venture is measured at the fair value. That fair value and the disposal price and the book value of the investment on the day when the equity method ceases to be adopted. Such difference is counted into the current profit and loss. Besides this, all relevant amounts relevant to the associates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the associates directly disposed the relevant assets or liabilities.

(7) Property, plant and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment losses afterwards.

Except for self-owned land, the property, plant, and equipment are depreciated by significant parts over their useful lives on a straight-line basis. If the lease period is shorter than the durable period of an asset, the depreciation should be appropriated according to the lease period. The Company shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(8) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets shall be subject to amortization under the straight-line method during its life span, and the estimation of life span, residual value and depreciation method shall be subject to review at least once a year and extend the effect of changes in applicable accounting policy. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

2. De-recognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(9) The impairment of real estate, plants and equipment, right-of-use assts, and intangible assets (except goodwill)

The company evaluates whether there are any signs of impairment in real estate, plants and equipment, right-of-use assets and intangible assets (other than goodwill) on every balance sheet date. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. If the community assets can be amortized to the cash-generating units on a reasonable and consistent basis, it is allocated to individual cash-generating unit or it is allocated to the smallest cash-generating cluster on a reasonable and consistent basis.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

The inventory, real estate, plant, equipment and such intangible assets recognized in a customer contract are first recognized in accordance with the inventory impairment regulations and the aforementioned regulations are recognized as impairment. The book value of the related assets is entered based on the contract cost. The amount after deducting the directly related costs is recognized as an impairment loss and the book amount of the contract cost-related assets is included in the cash-generating unit to perform the impairment assessment in the cash-generating unit.

When the impairment loss is reversed subsequently, the carrying amount of the assets, cash-generating units or relevant assets of contract cost will increase to the revised recoverable amount, while the carrying amount after increase does not exceed the carrying amount of the assets, cash-generating units or relevant assets of contract costs that would have been at the date of reversal had the impairment loss not been recognized previously (excluding amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(10) Financial instruments

Financial assets and liabilities will only be recognized in balance sheet when the Company becomes a party in a contract of the tool.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial Assets

The customary transaction of financial assets is recognized and de-recognized in accordance with the trade date accounting.

(1) Classification of measurement

The assets held by the Company are such types of financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, debt instrument investment measured at fair value through other comprehensive gains and losses and fair value through other comprehensive gains and losses as the investment in equity instruments to be measured.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through income statements included financial assets at fair value through income statements and financial assets designated at fair value through income in statements. Financial assets mandatory at fair value through profit or loss include equity instrument investments not designated at fair value through other comprehensive income, and liability instrument investments not qualified for classifying as measured at amortized cost or at fair value through other comprehensive income.

Such financial assets measured at fair value through profit and loss are measured at fair value where their remeasured benefits or losses are recognized into profit and loss. Please refer to Note 30 for the determination of fair value.

B. Financial assets on the basis of cost after amortization

If the financial assets of the Company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and
b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

The financial assets measured at the post-amortization cost (including cash and cash equivalents, notes receivable at post-amortization cost, accounts receivable, other receivables, restricted assets and deposited guarantee bond margin) are recognized at initial recognition. After that, they would be measured by the total book amount determined by the effective interest method minus the post-amortization cost of any impairment loss, and any foreign currency exchange gains and losses which would be recognized in the profit and loss.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

a. The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.

b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

C. Debt instrument investments measured at fair value through other comprehensive income

if the investment of debt instruments by the Company met both the two conditions below, classify as financial instruments at fair value through comprehensive income:

a. Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Other investment of debt instruments at fair value through comprehensive income should be measured at fair value. Changes in the book value shall be recognized as income under the calculation of interest income under the effective interest rate method, and exchange gain and loss and impairment or reversal benefits shall be recognized as income. Other changes shall be recognized as other comprehensive income and reclassified as income at the disposition of investment.

D. Equity instrument investments measured at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the consolidated acquirer under corporate acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The Company assesses financial assets (including bills receivable and accounts receivable) measured at post-amortization cost based on expected credit losses on each and every balance sheet date and, meanwhile, invests in liability instruments that are measured at fair value through other comprehensive gains and losses.

Notes receivable and receivable accounts shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The de-recognition of financial assets

The Company's financial assets are de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

De-recognition of financial asset measured at amortized costs in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Financial Liabilities

(1) Subsequent measurement

All financial liabilities of the Company have been measured at the post-amortization cost using the effective interest method.

(2) De-recognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(11) Recognition of revenues

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

In an event where several contracts sign with a same customer (or related parties of that customer) at almost a same time, where these contracts are negotiated in a same package for a single business purpose, the Company would deal with them in a single contract.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

1. Revenue through sale of products

The commodity sales revenue comes from the sales of non-ionic surfactant products. While the product arrives at the location designated by a customer, that customer is already entitled to set the price and use of the product and is primarily obliged for resale and assume the risk of staleness and obsolescence, the Company just recognizes revenue and receivable at that point in time.

2. Labor revenue

The labor service income comes from the provision of processing services and the related income is recognized at the very moment when the labor service is provided.

(12) Leases

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. The Company is the lessor

When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The Company is the lessee.

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any received, any incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any . Right-of-use assets are separately expressed on the balance sheet.

The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier.

The lease liability was originally measured at the present value of the lease payment (as a fixed payment). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortized cost using effective interest method and the interest expenses are amortized over the lease term. Lease liabilities are separately expressed on the balance sheet.

(13) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interests of the service cost (including the service cost for the current period) and net defined benefit liability (asset) are recognized as employee benefit expenses when they occur. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(14) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

   The Company determines the current term income (loss) in accordance with the laws and regulations prevalent in the jurisdiction of the income tax declaration, and counts the payable (recoverable) income tax accordingly.

   Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

   The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

   The deferred income tax was counted based on the temporary difference between the book value of assets and liabilities in the financial statements and the taxation based to calculate the taxable income.

   Deferred tax liabilities are generally recognized in accordance with all taxable temporary differences. Deferred tax assets are recognized when there are likely to have taxable income available for deductible temporary difference or loss credit.

   The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

   Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current & deferred income taxes

   Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

5. Major sources leading to major accounting judgments and uncertainties in estimate

   When adopting accounting policy, the management of the Company shall make related judgments, estimations, and assumptions for information that cannot be easily retrieved from other sources based on historical experiences and other relevant factors. Actual results may differ from the estimates.

   The Company has taken the recent development of the COVID-19 pandemic in our country and the potential impact on the economic environment into consideration for estimation of cash flows, growth rates, discount rates, profitability, and other relevant critical accounting estimates. The management will continue to examine such estimates and underlying assumptions. If the amendment affects only the current estimates, it is recognized in the current period. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 140	$ 140
Demand deposits	350,528	277,862
Check deposits	191,976	238,149
	$ 542,644	$ 516,151

7. Financial assets at fair value through profit and loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
Beneficial certificates	$ 21,608	$ 76,538

8. Financial assets at fair value through other comprehensive profit or loss

	December 31, 2022	December 31, 2021
Non-Current		
Equity investment	$ 2,582,985	$ 2,996,871
Debt instrument	201,000	200,000
	$ 2,783,985	$ 3,196,871

(1) Equity investment

	December 31, 2022	December 31, 2021
Non-Current		
Domestic investment		
Listed stocks and emerging stock		
China Man-Made Fiber Corporation's common shares	$ 2,251,522	$ 2,654,233
Taiwan Tea Corp. common shares	263,372	239,540
Unlisted/OTC		
Common stock of TWSE	32,811	28,098
China Man-Made Fiber Corporation's common shares	35,280	75,000
	$ 2,582,985	$ 2,996,871

The Company invests in the common stocks of the aforementioned companies amidst its medium and long-term strategic purposes and expects to earn profits through long-term investments. The management of the Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.

In January 2021, the Company adjusted its investment position to diversify risks by selling part of the ordinary shares of Taiwan Tea Corporation at fair value of NTD916,000. The other related interests – unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses in an amount of NTD77,000 was transferred into retained earnings.

The Company recognized dividend income in amounts of NTD1,29 thousand and NTD26,082 thousand in the years 20221 and 2021 respectively, both of which were related to the investments still held as of December 31, 2022 and 2021.

For more information on pledge of equity instrument investments measured at fair value through other comprehensive gains and losses, please refer to Note 27.

(2) Debt instrument

	December 31, 2022	December 31, 2021
Non-Current		
Domestic investment		
Bank debentures of Taichung	$ 201,000	$ 200,000

Commercial Bank

In December 2017, the Company purchased non-cumulative secondary financial bonds issued by Taichung Commercial Bank with no maturity date at the book interest rate of one-year fixed time savings interest rate quoted by Chunghwa Post Co., Ltd. with additional point margin of 3.08%.

9. Credit risk management for investment in debt instruments

The company has invested of debt instruments are classified as financial assets measured by fair value under other general loss or gain.

	December 31, 2022	December 31, 2021
Total Book Value	$ 200,000	$ 200,000
Loss allowance	-	-
Cost after amortization	200,000	200,000
Fair value adjustment	1,000	-
	$ 201,000	$ 200,000

The Company only invests in debt instruments whose credit rating is above investment grade (inclusive) and whose credit risk is low according to impairment assessment. The Company continues to track external rating information to monitor the change of credit risk of the debt instruments invested by it. At the same time, it reviews other information, such as bond yield curve and significant information of the debtor, etc., to assess whether or not the credit risk of debt instrument investment has significantly increased since the original recognition.

The company takes into consideration of outside assessment entities-supplied various levels of history default loss ratios, debtors' current financial standing and the industries' future forecasts, to measure the debt instrument investment's 12-month expectant credit loss or expectant credit loss during the sustaining period.

The current credit risk evaluation approach of the Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2022
Normal	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0%~0.5%	$ 200,000

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2021
Normal	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0%~0.5%	$ 200,000

10. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Measured on the basis of cost after amortization		
Notes receivable's total book value amount	$ 26,418	$ 18,205
Less: Allowance for losses	-	-
	$ 26,418	$ 18,205
Accounts receivable		
Measured on the basis of cost after amortization		
Accounts receivable – nonrelated parties' total book value amount	$ 130,724	$ 178,329
Accounts receivable - related parties	-	164
Less: Allowance for losses	(3,928)	(2,012)
	$ 126,796	$ 176,481
Other receivables		
Receivable tax refund	$ 12,146	$ 7,047
Other receivable - related parties	693	613
Others	62	132
	$ 12,901	$ 7,792

(1) Accounts receivable and notes receivable

The Company's average credit period for sales is net 30 to 60 days from the end of the month, and the payment collection period is assessed on a case-by-case basis. The policy adopted by the Company is to only trade with reputable counterparties. Whenever deemed necessary, the Company would obtain adequate guarantees beforehand to minimize the potential risk of financial losses in case of defaults. The Company tried to use other publicly available financial information and mutual transaction records to rate its key accounts. to continually oversee potential credit risk and the credit rating of the counterparties to disperse the total transaction amounts to customers proving well qualified in credit ratings.

Before accepting a new customer, the Company would conduct comprehensive evaluation into the potential customers credit quality through a sound internal credit rating system and set sound customers credit limit. Here at the Company, the customer credit limit and rating are reviewed once or twice a year. Among the data, the accounts receivable that are neither overdue nor impaired were classified as the best credit rating on the grounds of the rating results of the external credit rating system adopted by the company.

The Company adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses of the given duration. The expected estimated credit loss during the specified duration was based on the customer's previous default records and current financial status, the industrial economic situation as well as prospective outlook of the entire industry. As indicated by the Company's historical experience in credit loss, the loss patterns among varied customer bases show no significant difference at all. In the preparation matrix, therefore, the customer bases were not further classified. Instead, we fixed the anticipated rate of credit loss only based on the number of days overdue in the accounts receivable.

Whenever the evidence indicates that a transaction counterparty is facing serious financial difficulties where the Company could not reasonably expect the recoverable amount, for example, where a counterparty is in liquidation while the Company directly wrote off the relevant accounts receivable, but would still continually pursue recourse activities and the Company would then recover the amount due to recourse. The amount so recovered through the recourse effort would be recognized in profit and loss.

The Company adopts the preparation matrix to measure the allowance loss for notes and accounts receivable as follows:

December 31, 2022

	Not overdue	Overdue 1 to 60 days	Total
Expected credit loss rate	0%~3%	0%~5%	
Total Book Value	$ 156,577	$ 565	$ 157,142
Allowance for loss (expected credit loss of the given duration)	(3,914)	(14)	(3,928)
Cost after amortization	$ 152,663	$ 551	$ 153,214

December 31, 2021

	Not overdue	Overdue 1 to 60 days	Total
Expected credit loss rate	0%~1.03%	0%~2%	
Total Book Value	$ 190,662	$ 6,036	$ 196,698
Allowance for loss (expected credit loss of the given duration)	(1,950)	(62)	(2,012)
Cost after amortization	$ 188,712	$ 5,974	$ 194,686

The information of the changes in the notes receivable and the allowance loss of accounts is as follows:

	2022	2021
Balance – beginning	$ 2,012	$ 2,252
Add: Impairment loss appropriated in current period	1,916	-
Less: Reversal of impairment loss in current period	-	(240)
Balance – ending	$ 3,928	$ 2,012

11. Inventory

	December 31, 2022	December 31, 2021
Raw materials	$ 23,639	$ 48,925
Supplies	4,966	5,483
Finished goods	203,782	163,191
	$ 232,387	$ 217,599

(1) The Company's allowance for inventory depreciation losses as of December 31, 2022 and 2021 amounted to NTD15,008 thousands and NTD19,262 thousand, respectively.

(2) Here at the Company, the inventory-related cost of goods sold in the year 2022 and the year 2021 amounted to NTD1,560,628 thousand and NTD1,533,986 thousand, respectively. The cost of goods sold including downtime losses amounted to NTD78,210 thousand and NTD71,678 thousand respectively. Cost of goods sold include inventory losses (revaluation gains) of NTD4,254 thousand and NTD(3,369) thousand, respectively. The losses as a result of scrapped inventory came to NTD5,773 thousand and NTD4,086, respectively.

12. Other current assets

	December 31, 2022	December 31, 2021
Restricted assets-		
Current	$ 16,101	$ 14,625
Others	11	12
	$ 16,112	$ 14,637

The restricted assets – current was provided by the Company as the customs clearance operation price of the Tariff Bureau and as the reserve accounts of bank accounts. Please refer to Note 27 for more details.

13. Investment under the equity method

The balance the company investing in affiliated enterprises is as follows:

	December 31, 2022	December 31, 2021
A major affiliated company		
Taichung Commercial Bank	$ 3,814,552	$ 3,541,067
Individual non-dominant associates		
Taichung Securities Investment Trust Co., Ltd.	14,067	13,481
Melasse	-	10,721
	$ 3,828,619	$ 3,565,269

The Company's ownership interest and percentage of voting rights in affiliated companies on the balance sheet date as enumerated below:

	December 31, 2022	December 31, 2021
Taichung Commercial Bank	6%	6%
Taichung Securities Investment Trust Co., Ltd.	3%	3%
Melasse	-	50%

The Company participated in the capital increase through cash injection of Taichung Commercial Bank in the year 2022 and 2021. In that event, the Company invested 10,463 thousand shares and 8,464 thousand shares to newly increase the cost amounting to NTD122,939 thousand and NTD94,369 thousand. Where the Company did not subscribe to the capital increase pro rata to shareholding ratio, the shareholding rate changed. The Company was supposed to adjust to decrease the capital reserve—where the variable amount as the affiliated enterprise equity recognized in equity method left no balance at all. The Company, therefore, adjusted to reduce the retained earnings NTD5,064 thousand and NTD5,453 thousand instead. Meanwhile, the Company converted the previously recognized other comprehensive profit and/or loss, the part of reduction pro rata to retained earnings and current net profits instead. Accordingly, in the year 2022, the retained earnings increased by NTD196 thousand and NTD132 thousand, disposal of investment losses decreased by NTD870 thousand and increased by NTD15 thousand, respectively.

The Company held up to 50% of the shares and voting rights of Mélasse Company. Where other shareholders controlled the composition of that company's board of directors, nevertheless, the Company only has a significant influence over that company and that company was deemed as an affiliate of the Company.

Mélasse Company was dissolved through a resolution of the shareholders' meeting on December 6, 2021, and its application for dissolution was approved and registered on December 14, 2021. The liquidation benchmark date was March 14, 2022, and the liquidation declaration for business tax and enterprise income tax was completed on March 25, 2022.

(1) A major affiliated company

The level 1 fair value information of related companies in the open market is as enumerated below:

Company name	December 31, 2022	December 31, 2021
Taichung Commercial	$ 3,537,749	$ 3,077,117

Company name	December 31, 2022	December 31, 2021
Bank		
Assets	$ 807,962,828	$ 772,678,393
Liabilities	(738,733,202)	(709,218,408)
Equity	$ 69,229,626	$ 63,459,985
The company's shareholding ratio	6%	6%
The interests entitled to the Company	$ 3,814,552	$ 3,541,067

	2022	2021
Net revenue	$ 15,017,164	$ 13,721,874
Net income	$ 5,344,205	$ 4,796,274
Other comprehensive profit or loss	(1,414,184)	87,965
Total comprehensive income	$ 3,930,021	$ 4,884,239

(2) Individual non-dominant associates

The information of individual non-significant affiliated companies is summarized as follows:

	2022	2021
Share of the Company		
The net loss of the business units in continued business operation in the present term	($ 558)	($ 3,367)
Other comprehensive profit or loss	1,134	209
Total comprehensive income	$ 576	($ 3,158)

For those investments using the equity method where the Company was entitled to the shares in the profit and loss and other comprehensive profit and loss, except the case in Jehmifang Company which was calculated on the basis of financial statement that has not been audited by the certified public accountant, all the rest had been calculated on the basis of financial statement having been duly audited by certified public accountants. The Company's management, nevertheless, held the opinion that since the financial statement of the aforementioned investee has not been duly audited by the certified public accountants, the said facts would not have a significant impact.

14. Property, plant and equipment

	December 31, 2022	December 31, 2021
Self-use	$ 867,914	$ 927,561
Operating lease rental	3,715	3,715
	$ 871,629	$ 931,276

(I) For use by the Company itself

	Proprietary land	House and Building	Machine and Equipment	Transportation and communication equipment	Other equipment	Construction in process and prepayment for machinery purchase	Total
Cost							
Balance as of January 1, 2022	$ 242,530	$ 270,099	$1,278,851	$ 13,521	$ 241,923	$ 5,080	$2,052,004
Increase in current period	-	-	435	-	2,667	4,870	7,972
Decrease in current period	-	-	-	-	(6,450)	-	(6,450)
Reclassification	-	-	-	-	6,350	(6,350)	-
Balance as of December 31, 2022	242,530	270,099	1,279,286	13,521	244,490	3,600	2,053,526
Accumulated depreciation							
Balance as of January 1, 2022	-	(97,276)	(727,602)	(12,043)	(155,662)	-	(992,583)
Increase in current period	-	(7,402)	(51,702)	(304)	(5,951)	-	(65,359)
Balance as of December 31, 2022	-	(104,678)	(779,304)	(12,347)	(161,613)	-	(1,057,942)
Accumulated impairment							
Balance as of January 1, 2022	-	(4,216)	(99,279)	(82)	(28,283)	-	(131,860)
Decrease in current period	-	-	-	-	4,190	-	4,190
Balance as of December 31, 2022	-	(4,216)	(99,279)	(82)	(24,093)	-	(127,670)
Net amount - December 31, 2022	$ 242,530	$ 161,205	$ 400,703	$ 1,092	$ 58,784	$ 3,600	$ 867,914

	Proprietary land	House and Building	Machine and Equipment	Transportation and communication equipment	Other equipment	Construction in process and prepayment for machinery purchase	Total
Cost							
Balance as of January 1, 2021	$ 242,530	$ 269,098	$1,276,746	$ 12,823	$ 240,185	$ -	$2,041,382
Increase in current period	-	-	1,564	698	1,943	7,576	11,781
Decrease in current period	-	-	(954)	-	(205)	-	(1,159)
Reclassification	-	1,001	1,495	-	-	(2,496)	-
Balance as of December 31, 2021	242,530	270,099	1,278,851	13,521	241,923	5,080	2,052,004
Accumulated depreciation							
Balance as of January 1, 2021	-	(89,889)	(673,470)	(11,553)	(149,958)	-	(924,870)
Increase in current period	-	(7,387)	(54,554)	(490)	(5,909)	-	(68,340)
Decrease in current period	-	-	422	-	205	-	627
Balance as of December 31, 2021	-	(97,276)	(727,602)	(12,043)	(155,662)	-	(992,583)
Accumulated impairment							
Balance as of January 1, 2021	-	(4,216)	(99,453)	(82)	(28,283)	-	(132,034)
Decrease in current period	-	-	174	-	-	-	174
Balance as of December 31, 2021	-	(4,216)	(99,279)	(82)	(28,283)	-	(131,860)
Net amount - December 31, 2021	$ 242,530	$ 168,607	$ 451,970	$ 1,396	$ 57,978	$ 5,080	$ 927,561

Depreciation expenses is appropriated in accordance with the straight line method and the years of useful life illustrated below:

House and Building	20 to 55 years
Machine and Equipment	3 to 25 years
Transportation and communication equipment	6 to 10 years
Other equipment	
Offices & computer equipment	3 to 10 years

As the amount set for collateral to secure the real estate, plant and equipment which have been within the Company's own use. Please refer to Note 27 for more details.

(2) Operating lease rental

Land belonging to the Company are leased out as operating leases for a period of 5 years The lessee has no preferential purchase option with regard to the asset when the lease period ends.

Total receivable lease payments for operating leases are as follows:

	December 31, 2022	December 31, 2021
First year	$ 369	$ 64
Second year	369	-
Third year	369	-
Fourth year	369	-
Fifth year	310	-
6th year	22	-
	$ 1,808	$ 64

As the amount set for collateral to secure the real estate, plant and equipment which have been leased for business operation. Please refer to Note 27 for more details.

15. Lease Agreements

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of the right-of-use asset		
Buildings	$ -	$ 2,825
Transportation Equipment	-	-
	$ -	$ 2,825

	2022	2021
Depreciation expense of the right-of-use asset		
Buildings	$ 2,825	$ 2,824
Transportation Equipment	-	2,870
	$ 2,825	$ 5,694

Except for the above depreciation expenses recognized, the Company's right-of-use assets were not subleased or impaired significantly in 2022 and 2021.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of the lease liabilities		
Current	$ -	$ 2,883
Non-Current	$ -	$ -

The range of discount rates for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	1.385%	1.385%
Transportation Equipment	-	1.650%

(3) Main lease activities and provisions

The Company has leased transportation equipment for business operation used, for the leasehold period of two years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

The Company has leased buildings for business operation used, for the leasehold period of two years. Upon termination or expiry of a leasehold period, the Company was not entitled to preferential procurement for the leased land and buildings. The leasehold terms further provide that unless agreed upon by the lessor, the Company shall not have the leasehold arts sublet or transferred either in whole or in part.

(4) Other lease-related information

Regarding the agreements whereunder the Company leased out its own real property, plants and equipment for business operation, please refer to Note 14.

	2022	2021
Short-term lease expense	$ 4,142	$ 11,743
Low-value asset lease expense	$ 36	$ 36
Total cash (outflow) of leases	($ 7,079)	($ 17,567)

The Company chose to apply the recognition exemption to such land eligible for short-term leases and certain office equipment leases that qualify for low-value asset leases where the Company does not recognize related right-of-use assets and lease liabilities for these leases.

16. Intangible asset

Changes in computer software are as follows:

	2022	2021
Balance – beginning	$ 184	$ 55
Purchases in the current period	-	195
Amortization in the current period	(65)	(66)
Balance – ending	$ 119	$ 184

17. Other assets

	December 31, 2022	December 31, 2021
Refundable deposit	$ 17	$ 26,967

The refundable deposit is mainly used as deposit for postage and telephone calls.

18. Borrowing

(1) Shot-term borrowings

	December 31, 2022	December 31, 2021
Unsecured loans		
Credit loan	$ 1,485,000	$ 1,010,000

The interest rates of bank borrowings range were within 1.54%–1.83% and 1.14%–1.20% as of December 31, 2022 and 2021 respectively.

(2) Short-term notes payable

	December 31, 2022	December 31, 2021
Payable commercial paper	$ 400,000	$ 450,000
Less: unamortized depreciation	(822)	-
Short-term notes payable	$ 399,178	$ 450,000
Interest Rate	1.78%～1.94%	0.64%～0.93%

(3) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured loans		
Secured loan	$ 429,000	$ 627,000
Unsecured loans		
Credit loan	50,000	545,000
Less: Amount due in one year	(160,000)	(519,000)
Long-term borrowings	$ 319,000	$ 653,000

1. For the secured loan with Taiwan Cooperative Bank in an amount of NTD700,000 thousand with the loan period from August 23, 2019 until August 23, 2024, the Company provided the land and buildings of its Kaohsiung Plant as collateral; starting from the first appropriation date of the Loan on August 23, 2019, the Company would repay the loan in 20 installments with an installment in every three months, in an amount of NTD24,000 thousand per installment from the 1st to 19th installments with the balance to be repaid in the 20th installment in full, with interest payable on a monthly basis, at the rate of that Bank's time savings index interest rate with additional point margin of 0.61% per annum. As of December 31, 2022, the interest rate was approximately 1.85%. As of December 31, 2022, the Company had repaid the loan up to NTD456,000 thousand principal in accumulation.
2. For the secured loan with Union Bank of Taiwan in an amount of NTD250,000 thousand for the loan period of April 12, 2019–April 12, 2024, the Company provided stocks of China Man-Made Fiber Corporation held by the Company as collateral. The Company would repay NTD25,000 thousand per installment starting from the date of appropriation on April 12, 2019, with interest payable on a monthly basis, at the interest rate of the time deposit interest rate for 90-day short-term loan in the secondary market with additional point margin of 0.72% per annum. The remained borrowing was paid in full in May 2022.
3. For the secured loan with Union Bank of Taiwan in an amount of NTD250,000 thousand for the loan period of May 25, 2022–May 25, 2027 for which the Company provided the stocks of China Man-Made Fiber Corporation held by the Company as collateral. Starting from the initial appropriation date on May 25, 2022, the Company would repay NTD25,000 thousand per installment, with one installment in every six months, with interest payable on a monthly basis at the interest rate of the time deposit interest rate for 90-day short-term loan in the secondary market with additional point margin of 0.72% per annum. As of December 31, 2022, the interest rate was approximately 1.92% per annum. As of December 31, 2022, the Company has repaid the principal up to NTD25,000 thousand in accumulation. 。
4. For the credit loan with Bank of Pan Shin in an amount of NTD100,000 thousand for the loan period of May 25, 2020–May 25, 2023, the Company would repay NTD10,000 thousand per installment with one installment in every six months with the balance to be

repaid in full upon maturity. The interest would be paid on a monthly basis based on the monthly benchmark interest rate for time savings in that Bank with additional point margin of 0.57% per annum. The remained borrowing was paid in full in May 2022.

5. For the credit loan with Bank of Pan Shin in an amount of NTD100,000 thousand for the loan period of June 13, 2022–June 13, 2025, the Company would repay NTD10,000 thousand per installment with one installment in every six months with the balance to be repaid in full upon maturity. The interest would be paid on a monthly basis based on the monthly benchmark interest rate for time savings in that Bank with additional point margin of 0.57% per annum. As of December 31, 2022, the interest rate was approximately 1.88% per annum. As December 31, 2022, the Company had repaid principal up to NTD50,000 thousand in accumulation.
6. For the NTD150,000 thousand secured loan with Jih Sun International Bank, where the Company replaced the loan contract ahead of schedule, the period of the credit loan was rescheduled into October 15,2020–October 15, 2023, for which the Company provided stocks of China Man-Made Fiber Corporation held by the Company as collateral. The Company would repay the principal upon maturity with interest payable on a monthly basis, with the interest rate to be negotiated on a case-by-case basis. The remained borrowing was paid in full in December 2022.
7. For the NTD110,000 thousand secured loan with Jih Sun International Bank, where the Company replaced the loan contract ahead of schedule, the period of the credit loan was rescheduled into December 5,2022–October 13, 2023, for which the Company provided stocks of China Man-Made Fiber Corporation held by the Company as collateral. The Company would repay the principal upon maturity with interest payable on a monthly basis, with the interest rate to be negotiated on a case-by-case basis. As of December 31, 2022, the interest rate was approximately 1.89% per annum
8. For the NTD600,000 thousand credit loan with Business Bank of Taiwan, the loan period was originally from the original November 8, 2019–November 9, 2021 and was extended in November 2021 until November 9, 2022. Starting from the first appropriation date on November 8, 2019, one installment shall be paid per month with a repayment amount of NTD 5,000 thousand, and the remaining amount will be repaid in a lump sum on the due date. All remaining loans were repaid in advance in March 2022.
9. For collateral of the aforementioned long-term loans, please refer to Note 27 for more details.

19. Other payables

	December 31, 2022	December 31, 2021
Payable salary & bonus	$ 26,708	$ 22,439
Remuneration to employees and remuneration to directors and supervisors payable.	9,189	7,173
Water, electricity and team bills payable.	7,548	4,349
Transportation charges payable	5,940	4,694
Inventory for supplies payable	4,189	5,521
Payable tax	2,041	2,087
Construction payables	729	5,758
Payable labor fee	550	500
Other payables	4,927	4,887
	$ 61,821	$ 57,408

20. Post-employment benefit plan

	December 31, 2022	December 31, 2021
Net determined benefit	$ 11,256	$ 22,161

liability

(1) Defined contribution plan

The pension system of the "Labor Pension Act" that is applicable to the Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company's pension system under the "Labor Standards Act" of the R.O.C. is a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The company has a pension appropriated for an amount equivalent to 2% of the monthly salary and the proceeds are deposited in the designated account with Taiwan Bank in the name of the Labor Pension Reserve Commission. If the account balance before yearend is expected to be insufficient for paying the retiring employees of the year, the amount of difference should be appropriated in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company contained in the financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of defined benefit plan listed in balance sheet is listed as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 52,906	$ 59,440
The fair value of plan assets	(41,650)	(37,279)
Net determined benefit liability	$ 11,256	$ 22,161

Change in net determined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2021	$ 58,431	($ 37,705)	$ 20,726
Service cost			
Current service cost	296	-	296
Interest expenses (revenues)	204	(134)	70
Recognized in the profit or loss	500	(134)	366
Reevaluation			
Return on plan assets	-	(546)	(546)
Actuarial loss – change in the assumption of the census	2,957	-	2,957
Actuarial gain – change in financial assumptions	(1,749)	-	(1,749)
Actuarial loss – adjustment through experience	1,632	-	1,632
Recognized in the other comprehensive profit	2,840	(546)	2,294

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
of loss			
Employer appropriation	-	(1,225)	(1,225)
Planned asset payment	(2,331)	2,331	-
December 31, 2021	59,440	(37,279)	22,161
Service cost			
Current service cost	173	-	173
Interest expenses (revenues)	446	(284)	162
Recognized in the profit or loss	619	(284)	335
Reevaluation			
Return on plan assets	-	(2,861)	(2,861)
Actuarial gain – change in financial assumptions	(2,346)	-	(2,346)
Actuarial gain – experience adjustments	(4,807)	-	(4,807)
Recognized in the other comprehensive profit of loss	(7,153)	(2,861)	(10,014)
Employer appropriation	-	(1,226)	(1,226)
December 31, 2022	$ 52,906	($ 41,650)	$ 11,256

The recognized loss of determined benefit plans by function is summarized below:

	2022	2021
Operating cost	$ 252	$ 271
Operating expenses	83	95
	$ 335	$ 366

The pension fund system of the company contained in the financial statements is exposed to the following risks due to the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the Company contained in the financial statements shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.
3. Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As a result, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the company contained in the financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2022	December 31, 2021
Discount rate	1.40%	0.75%
The expected rate of increase in salaries	2.75%	2.75%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 924)	($ 1,118)
Decrease by 0.25%	$ 950	$ 1,151
The expected rate of increase in salaries		
Increase by 0.25%	$ 911	$ 1,097
Decrease by 0.25%	($ 890)	($ 1,072)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2022	December 31, 2021
Amount projected for appropriation in 1 year	$ 1,230	$ 1,230
Average maturity of determined benefit obligation	8 years	8 years

21. Equity

	December 31, 2022	December 31, 2021
Common stock capital	$ 3,526,283	$ 3,280,263
Capital surplus	872,725	872,725
Retained earnings	1,239,250	1,126,609
Other equity	40,734	546,142
	$ 5,678,992	$ 5,825,739

(1) Paid-in capital

	December 31, 2022	December 31, 2021
Authorized number of shares (thousand shares)	480,000	480,000
Authorized capital	$ 4,800,000	$ 4,800,000
Number of shares issued with fully paid-in capital (thousand shares)	352,628	328,026
Outstanding capital	$ 3,526,283	$ 3,280,263

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

As resolved in the Company's shareholders' meeting convened on July 29, 2021, the NTD256,979 thousand unappropriated retained earnings would be converted into capital increase into 25,698 thousand shares at NTD10 par value, in common shares in all events. As of December 31, 2021, therefore, the Company's paid-in capital increased into NTD3,280,263 thousand divided into 328,026 thousand shares at NTD10 per value, in common shares in all events.

As resolved in the Company's shareholders' meeting convened on June 16, 2022, the NTD246,020 thousand unappropriated retained earnings would be converted into capital increase into 24,602 thousand shares at NTD10 par value, in common shares in all events. As of December 31, 2022, therefore, the Company's paid-in capital increased into NTD3,526,283 thousand divided into 352,628 thousand shares at NTD10 per value, in common shares in all events.

(2) Capital surplus

	December 31, 2022	December 31, 2021
Shares issued in excess of par value	$ 835,369	$ 835,369
Treasury stock transactions	37,356	37,356
	$ 872,725	$ 872,725

Of the total capital reserve, the amount of premium of the outstanding shares in excess of par value (including the issuance of common shares in excess of the par value, treasury stock transactions and the portion of the donation) may be used to make up for loss. Where the Company leaves no loss at all, such portion may be used to either distribute in cash or to appropriate into share capital. The amount to be appropriated into share capital, nevertheless, shall not exceed the specified ratio. For more details regarding the Company's policy to allocate remuneration to employees and remuneration to directors and supervisors as set forth under the Articles of Incorporation, please refer Note 23(V)5, the remuneration to employees and remuneration to directors and supervisors.

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. For more details regarding the Company's policy to allocate remuneration to employees and remuneration to directors and supervisors as set forth under the Articles of Incorporation, please refer Note 23(5) the remuneration to employees and remuneration to directors and supervisors.

The Company holds a dividend policy taking into account factors such as the overall circumstances, industry growth characteristics and future capital needs and further taking into account shareholder interests, balanced dividends and long-term financial planning, and the like. Within the scope available for distribution every year, the stock dividend to be allotted shall not significantly dilute the Company's profitability. Under such circumstances, the stock dividends to be allocated shall not exceed 95% of the total cash and stock dividends to be granted within the current year.

The legal reserve shall be amortized until the time point where its balance is up to the Company's total paid-in capital. The legal reserve may be applied to make up loss. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

Exactly in accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 (invalid from December 31, 2021), Letter Jin-Guan-Zheng-Fa-Zi No. 1010047490 (invalid from March 31, 2021), Letter Jin-Guan-Zheng-Fa-Zi No. 1030006415 (invalid from December 31, 2021), Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022, and Letter Jin-Guan-Zheng-Fa-Zi No. 10901500221, and after adopting International Financial Reporting Standards (IFRS), the Q&A on the applicable questions of the special surplus reserve, the Company amortized and rotated the special reserve. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

The Company held General Shareholders Meetings on June 16, 2022 and July 29, 2021, which adopted resolutions with regard to the 2021 and 2020 surplus distribution proposals as follows:

	2021	2020
Legal reserve	$ 34,059	$ 29,292
Special reserve	$ -	($ 45,404)
Cash dividends	$ 49,204	$ 45,349
Stock dividends	$ 246,020	$ 256,979
Cash dividends per share (NTD)	$ 0.15	$ 0.15
Stock dividend per share (NTD)	$ 0.75	$ 0.85

The Company had resolved in the board meeting the earnings distribution of 2022 on March 8, 2023 as follows:

	2022
Legal reserve	$ 40,786
Cash dividends	$ 52,894
Stock dividends	$ 264,471
Cash dividends per share (NTD)	$ 0.15
Stock dividend per share (NTD)	$ 0.75

The proposal for the distribution of earnings in 2022 is pending on the resolution of the General Meeting of shareholders scheduled to be held on June 9, 2023.

(4) Special reserve

	2022	2021
Balance – beginning	$ 123,164	$ 168,568
Reversal of special reserve	-	(45,404)
Balance – ending	$ 123,164	$ 123,164

(5) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

	2022	2021
Balance – beginning	($ 4,730)	($ 6,739)
The shares of profit and/or loss at equity method over the associates	2,602	2,009
Balance – ending	($ 2,128)	($ 4,730)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	2022	2021
Balance – beginning	$ 550,872	$ 656,122
Accrued in current year		
Unrealized gain or loss		
Equity instruments	(426,604)	(99,541)
Debt instruments	1,000	(4,052)
The shares of profit and/or loss at equity method over the associates	(83,472)	(1,463)
Reclassification adjustment		
The affiliated companies that adopt equity method for disposal	1,066	(117)
The accumulated gain/loss from the disposition of equity instruments will be transferred to	-	(77)

	2022	2021
retained earnings.		
Balance – ending	$ 42,862	$ 550,872

22. Revenue

	2022	2021
Sales revenue	$ 1,753,307	$ 1,661,104
Labor revenue	75,427	66,473
	$ 1,828,734	$ 1,727,577

Description of customer contracts

(1) Commodity sales revenue

The Company's product sales revenues primarily come from the sales of non-ionic surfactant products which have been sold at a fixed prices as agreed upon in the contracts. The Company recognizes revenues at the timepoints upon satisfying the customer's performance obligations and the timepoints when the performance obligations are satisfied while the customers obtain the transfer of control over the promised assets.

(2) Labor revenue

The Company renders labor services for product processing. After processing services are completed, the revenues are recognized while the customers' performance obligations are satisfied.

23. Business units in continuing operation income

Income from continuing operations department includes the following items

(1) Other income

	2022	2021
Remuneration to directors/supervisors	$ -	$ 3,558
Gain on disposal of investment	860	-
Loss from disposal of investment accounted for using equity method (Note 13)	(870)	(15)
Others	1,121	1,195
Total	$ 1,111	$ 4,738

(2) Financial costs

	2022	2021
Interest from bank borrowings	$ 35,360	$ 31,736
Interest on lease liabilities	18	78
Total	$ 35,378	$ 31,814

(3) Depreciation, and amortization expenses

	2022	2021
Property, plant and equipment	$ 65,359	$ 68,340
Right-of-use assets	2,825	5,694
Intangible assets	65	66
Total	$ 68,249	$ 74,100

Consolidation of depreciation expenses based on functions		
Operating cost	$ 65,275	$ 68,295
Operating expenses	2,909	5,739
	$ 68,184	$ 74,034

Consolidation of amortization expenses based on functions		
Operating cost	$ -	$ 55
Operating expenses	65	11
	$ 65	$ 66

(4) Employee benefits expenses

	2022	2021
Retirement benefits		
Defined contribution pension plan	$ 3,564	$ 3,485
Defined benefit plan (Note 20)	335	366
Short-term employee benefits		
Salary & wage	89,610	87,619
Labor insurance and national health insurance	7,988	7,994
Other employee benefits	4,420	4,066
Total employee benefits expenses	$ 105,917	$ 103,530
Consolidation based on functions		
Operating cost	$ 73,538	$ 75,617
Operating expenses	32,379	27,913
	$ 105,917	$ 103,530

(5) Remuneration to employees, Directors and Supervisors

According to the Articles of Incorporation, the Company appropriated 1% to 5% and no more than 0.3% of the earnings before taxation before the deduction of remuneration to the employees, Directors and Supervisors of the same year. The Company's profit sharing bonus to employees and compensation to directors for 2022 and 2021, respectively, had been approved by the Board of Directors of the Company held on March 8, 2023 and March 14, 2022, respectively.

Estimate on ratio

	2022	2021
Remuneration to employees	1%	1%
Remuneration to directors/supervisors	0.3%	0.3%

Amount

	2022	2021
Remuneration to employees	$ 4,361	$ 3,520
Remuneration to directors/supervisors	$ 1,308	$ 1,056

If there are still changes in the amount specified in the financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

On the remuneration to employees and remuneration to directors and supervisors for the year 2021 and the year 2020, the decisions resolved by the board of directors on March 14 2022 and March 15, 2021 as follows:

	2021	2020
	Cash	Cash
Remuneration to employees	$ 3,520	$ 2,597
Remuneration to directors/ supervisors	$ 1,056	$ 779

The actual amount for remuneration to employees, Directors and Supervisors in 2021 and 20120 did not vary from the amount recognized in the financial statements of 2021 and 2020.

For further information on the appropriation of remuneration to the employees and Directors and Supervisors by the Board of Taichung Commercial Bank in 2023 and 2022, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

24. Continuing department income tax

(1) Main components of income tax expense recognized in profit or loss

	2022	2021
Income tax expenses in the current period		
Accrued in current year	$ 20,298	$ 6,219
Additional levy on undistributed earnings	634	-
Prior years adjustment	370	771
	21,302	6,990
Deferred tax		
Accrued in current year	7,014	664
Prior years adjustment	-	(3,214)
	7,014	(2,550)
Income tax expense recognized in the profit or loss	$ 28,316	$ 4,440

Adjustment of accounting income and income tax expense are as follows:

	2022	2021
Income before tax from continuing	$ 430,413	$ 347,418

	2022	2021
operations		
Income tax expense of net income before tax at the statutory tax rate	$ 86,082	$ 69,483
Non-taxable income	(57,712)	(61,512)
Additional levy on undistributed earnings	634	-
Non-deductible expenses and losses for tax purposes	17	7
Unrecognized deductible temporary differences	(1,075)	(1,095)
Income tax expense of prior years adjusted in the current year	370	771
The income expenses deferred in the previous year(s) were adjusted in the present fiscal year	-	(3,214)
Income tax expense recognized in the profit or loss	$ 28,316	$ 4,440

(2) The income tax (interest) recognized into other comprehensive profit and/or loss

	2022	2021
Deferred tax		
Accrued in current year		
Reevaluation of determined benefit plan	$ 2,002	($ 459)

(3) Current Tax Liability

	December 31, 2022	December 31, 2021
Current Tax Liability		
Payable income tax	$ 16,933	$ 5,438

(4) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2022

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Defined benefit pension plans	$ 4,432	($ 178)	($ 2,002)	$ 2,252
Others	4,679	(6,836)	-	(2,157)
	$ 9,111	($ 7,014)	($ 2,002)	$ 95
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$40,896	$ -	$ -	$40,896

2021

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Defined benefit pension plans	$ 4,145	($ 172)	$ 459	$ 4,432
Loss credit	1,044	(1,044)	-	-
Others	913	3,766	-	4,679
	$ 6,102	$ 2,550	$ 459	$ 9,111
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$40,896	$ -	$ -	$40,896

(5) Income tax audit

The Company's filings of profit-seeking enterprise business income tax returns had been certified by the tax authority up till 2020.

25. Earnings per share

Unit: NTD per share

	2022	2021
Basic earnings per share	$ 1.14	$ 0.97
Diluted earnings per share	$ 1.14	$ 0.97

When calculating earnings per share, the impact of the stock dividend had been retroactively adjusted. The payment date of bonus shares is on September 5, 2022. Due to retrospective adjustment, the 2021 basic and diluted earnings per share changes are as follows:

Unit: NTD per share

	Cum-dividend	Ex-dividend
Basic earnings per share	$ 1.05	$ 0.97
Diluted earnings per share	$ 1.04	$ 0.97

The earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

Net income

	2022	2021
Net profit attributable to the company	$ 402,097	$ 342,978

Quantity

Unit: Thousand Shares

	2022	2021
Weighted average common stock shares used to calculate basic earnings per share	352,628	352,628
Effect of dilutive potential common stock:		

Employee bonus	421	324
Weighted average common stock shares used to calculate diluted earnings per share	353,049	352,952

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, calculate the diluted earnings per share, assuming that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. When diluted EPS is calculated in the next year resolves the number of share distribution for employee compensation, the dilution effect is also considered for such potential common shares.

26. Related Party Transactions

Name	Affiliation
CHINA MAN-MADE FIBER CORPORATION	The parent company
Sheng Jen Knitted Textiles Co., Ltd. and China Man-Made Fiber Investment Co., Ltd.	The management
Lung-Teng Chen, Kuo-Fu Hsiao and Kuo-Ming Chang	Independent Director of the Bank
Kuei-Hsien Wang, Hung-Yang Wu, Jeh-Yi Wang and Kuei-Fong Wang	The Company's chairman & director
Pan Asia Chemical Corporation (statutory representative Wang Kui-Hsien)	Director of China Man-Made Fiber Corporation
Melasse	The Company's affiliated enterprise adopting equity method
Taichung Securities Investment Trust Co., Ltd.	The Company's affiliated enterprise adopting equity method
Taichung Commercial Bank	The Company's affiliated enterprise adopting equity method
Taichung Commercial Bank Securities Co., Ltd.	Substantial related party
Taichung Bank Insurance Agency Co., Ltd.	Substantial related party
Taichung Commercial Bank Lease Enterprise	Substantial related party
TCCBL Co., Ltd.	Substantial related party
Taichung Commercial Bank Leasing (Suzhou) Ltd.	Substantial related party
Taichung Bank Venture Capital Co., Ltd.	Substantial related party
Deh Hsing Investment Co., Ltd.	Substantial related party
Xiang-Feng Development	Substantial related party
Tou-Ming Industry	Substantial related party
Jin-Bang-Ge Industry	Substantial related party
IOLITE COMPANY LTD.	Substantial related party
Precious Wealth Internal Limited	Substantial related party
Hammock (Hong Kong) Company Limited	Substantial related party
Hebei Hanoshi Contact Lens Co., Ltd.	Substantial related party
Chou-Chin Industrial Co., Ltd.	Substantial related party
Chou Chang Corporation	Substantial related party
GREENWORLD FOOD CO., LTD.	Substantial related party
Bomy	Substantial related party
Shanghai Bomy Foodstuff Co., Ltd.	Substantial related party
Yuju Universal Corporation	Substantial related party
NOBLE HOUSE GLORY Corporation	Substantial related party
Shanghai Bangyi International Trading Co., Ltd.	Substantial related party
Shanghai Bomy Consultancy Management Co., Ltd.	Substantial related party
Chung Chien Investment Co., Ltd.	Substantial related party

Name	Affiliation
Pan Asia Investment Co., Ltd.	Substantial related party
Nan Chung Petrochemical Corporation	Substantial related party
BONWELL PRAISE Co., Ltd	Substantial related party
Qian Teng PR Planning (Shanghai), Co., Ltd.	Substantial related party
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Substantial related party
TAIWAN FOUNTAIN CO., LTD.	Substantial related party
Hsu Tian Investment Co., Ltd.	Substantial related party
Midea	Substantial related party
Formosawine Vintners Corporation	Substantial related party
Formosa Imperial Wineseller Corp.	Substantial related party
Da Fa Investment Company	Substantial related party
Sheng Jen Knitted Textiles Co., Ltd.	Substantial related party
Reliance Consolidated Securities Co., Ltd.	Substantial related party
Wang Wan Chin Education Foundation	Substantial related party
Sheng Yuan Cher Investment Company	Substantial related party
Chao-Qing Investment	Substantial related party
Peng Hsu Investment Company	Substantial related party
Shield Bright Investment Limited	Substantial related party
Feng Chi Investment Co., Ltd.	Substantial related party
Shen Ching Investment Co., Ltd.	Substantial related party
Yao Shang Investment Co., Ltd.	Substantial related party
Chi Ta Investment Co., Ltd.	Substantial related party
General Pride Enterprise Co., Ltd.	Substantial related party
Lay Coffee CO., LTD.	Substantial related party
Chung Chien Recreation Investment Co., Ltd.	Substantial related party
Hsu Yi Investment Co., Ltd.	Substantial related party

Summarization of important transactions between the Bank and stakeholders:

Sales of goods

	2022	2021
CHINA MAN-MADE FIBER CORPORATION	$ 23	$ 851

The terms of transaction while the Company sells products to affiliated enterprises and terms of payment thereof are not significantly differing as compared with ordinary customers.

Purchase of goods

	2022	2021
CHINA MAN-MADE FIBER CORPORATION	$ 786,910	$ 755,002

In terms of transaction conditions where the Company purchases from its affiliated enterprises, except certain purchase cases without the similar types available for a comparison, all conditions are not significantly differing, with payment terms ranging from 30 to 60 days.

In addition, in an attempt to secure successful acquisition of the key raw materials, the Company signed an ethylene oxide purchase contract with China Man-Made Fiber Corporation. The key contents thereof are as enumerated below:

1. Contract period: From July 1, 2020 to June 30, 2025 and will be negotiated again after the end of the contract.
2. Volume provided: Provided exactly according to the predetermined demand quantity proposed by the Company. China Man-Made Fiber Corporation has, nevertheless, been able

to adjust the predetermined supply quantity as the actual circumstances of production might justify

3. Purchasing price: to be settled based on the pricing method agreed by both parties.

(3) Other income

	2022	2021
Taichung Commercial Bank	$ -	$ 3,558
CHINA MAN-MADE FIBER CORPORATION	360	360
Melasse	-	448
	$ 360	$ 4,366

The company's 2021 other income from Taichung Commercial Bank pertains to the company serving as Taichung Commercial Bank's institutional director has received of director/auditor remuneration and director/auditor attendance travel expense income.

During the year 2022 and the year 2021, the other revenues received from China Man-Made Fiber Corporation and Mélasse Company in 2021 were primarily revenues as service fees for provisions of workforce and other odd revenues.

(4) Bank deposits and interest revenue

	2022		2021	
Name	Balance – ending	Interest revenue	Balance – ending	Interest revenue
Taichung Commercial Bank	$ 34,408	$ 7,897	$ 54,587	$ 7,753

The interest income received by the Company from Taichung Commercial Bank was primarily interest income as a result of deposits and investment in bonds. For more details regarding information of investment in bonds into Taichung Commercial Bank, please refer to Note VIII.

(5) Receivables from related parties

Accounts receivable

	December 31, 2022	December 31, 2021
CHINA MAN-MADE FIBER CORPORATION	$ -	$ 164

Other receivables

	December 31, 2022	December 31, 2021
Taichung Commercial Bank	$ 649	$ 575
CHINA MAN-MADE FIBER CORPORATION	44	38
	$ 693	$ 613

The other receivables from Taichung Commercial Bank were interest receivable as a result of investment in bonds.

(6) Accounts payable to related parties

Accounts payable

	December 31, 2022	December 31, 2021
CHINA MAN-MADE FIBER CORPORATION	$ 255,727	$ 125,853

Other payables

	December 31, 2022	December 31, 2021
CHINA MAN-MADE FIBER CORPORATION	$ 7,752	$ 4,553

(7) Other business expenses

	2022	2021
CHINA MAN-MADE FIBER CORPORATION	$ 6,000	$ 1,800
GREENWORLD FOOD CO., LTD.	19	33
Melasse	-	310
	$ 6,019	$ 2,143

The aforementioned amounts represent the fees for services rendered to China Man-Made Fiber Corporation and other business expenses received from Mélasse Company and Greenworld Food Co., Ltd.

(8) Operating cost

	2022	2021
CHINA MAN-MADE FIBER CORPORATION	$ 2,054	$ 2,055

The aforementioned operating costs represent the expenditures as waste treatment fee and air pollutant disposal fee.

(9) Other transactions

The transaction amounts paid by the Company for purchases electricity, steam and pure water from China Man-Made Fiber Corporation were as enumerated below

	2022	2021
Electricity	$ 32,905	$ 23,136
Steam	14,374	10,405
Gas	1,626	1,699
Pure water	74	124
	$ 48,979	$ 35,364

(10) Lease agreements

Account titles in book	Type and Name of related party	December 31, 2022	December 31, 2021
Lease liabilities	CHINA MAN-MADE FIBER CORPORATION	$ -	$ 2,883

Name	2022	2021
Interest expenses		
CHINA MAN-MADE FIBER CORPORATION	$ 18	$ 58
Rent expense		
CHINA MAN-MADE FIBER CORPORATION	$ 286	$ 286

The rental was negotiated and agreed based on the rental prevailing in the neighborhood, and payable per month.

(11) Acquisition of property, plant, and equipment

	Prices of acquirements	
Type and Name of related party	***2022***	2021
China Man-Made Fiber Corporation	$ -	$ 960

The board of directors passed a resolution on January 18, 2021 to purchase the building at No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815 from China Man-Made Fiber Corporation. The contract price was NTD960,000 and relevant taxes and fees were NTD41,000, totaling NTD1,001,000. The ownership transfer registration was completed on July 13, 2021.

(12) Other related party transaction

In December 2022 and 2021, the Company participated in the cash capital increase of Taichung Commercial Bank and, as a result, increased the investment amount by NTD122,939 thousand and NTD94,369 thousand, respectively. Where in the cash capital increase, the Company did not subscribe pro rata to shareholding ratio, the shareholding ratio came down from 5.58% to 5.51% in 2021 and from 5.64% to 5.58% in 2021.

(13) Rewards to management

The 2022 and 2021 total remuneration to directors and the other management are as follows:

	2022	2021
Short-term employee benefits	$ 11,424	$ 9,353
Retirement benefits	640	713
	$ 12,064	$ 10,066

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

27. Pledged assets

The assets as enumerated below had been provided to serve as collateral:

	December 31, 2022	December 31, 2021
TAROBO Restricted assets – bank deposits (Pledged time deposit certificates)	$ 1,500	$ 1,500
TAROBO Restricted assets – bank deposits (Indemnifier)	14,601	13,125
Investment into common shares	671,182	791,231
Property, plant and equipment		
Land	246,245	246,245
House and Building	100,858	103,833
	$ 1,034,386	$ 1,155,934

28. Significant undertakings or contingencies

As of December 31, 2022 and 2021, the credit accounts had been opened by the Company with credit lines having not been used are as enumerated below:

	December 31, 2022	December 31, 2021
USD	$ 112	$ 1,058

29. Other matters

The Company's distributors deposited NTD2,000,000 in cash (under deposits received), pledged certificates of deposit of NTD2,000,000 to the Company, and used a performance guarantee of NTD2,000,000 issued by a bank and 100,000 shares of the Company as the performance bond.

30. Financial instruments

(1) Fair value information- Financial instruments that are not measured at fair value

The management of the Company believes that the carrying amount of financial assets and liabilities not measured by fair values approaches their fair values.

(2) Information on fair value – financial instruments at fair value on repetition.

1. Information on levels of fair value of financial instruments

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Beneficiary certificates of funds	$ 21,608	$ -	$ -	$ 21,608
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
— Listed stocks – domestic and emerging stock	2,514,894	-	-	2,514,894
— Domestic non-listed (OTC) stocks	-	-	68,091	68,091
Debt instrument				
— Domestic financial deb	-	201,000	-	201,000
Total	$ 2,536,502	$ 201,000	$ 68,091	$ 2,805,593

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive profit or loss				
Beneficiary certificates of funds	$ 76,538	$ -	$ -	$ 76,538
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
— Listed stocks – domestic and emerging stock	2,893,773	-	-	2,893,773
— Domestic non-listed (OTC) stocks	-	-	103,098	103,098
Debt instrument				
— Domestic financial deb	-	200,000	-	200,000
Total	$ 2,970,311	$ 200,000	$ 103,098	$ 3,273,409

In 2022 and 2021 there was no transfer of fair values measures in Level I and Level II.

2. Financial instruments are adjusted according to Level 3 fair value.

2022

Financial Assets	Financial assets at fair value through other comprehensive profit or loss: Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 103,098	$ -	$ 103,098
Recognized in the other comprehensive income (Unrealized valuation gain or loss on financial assets at fair value through other comprehensive profit or loss)	(35,007)	-	(35,007)
Balance, end of year	$ 68,091	$ -	$ 68,091

2021

Financial Assets	Financial assets at fair value through other comprehensive profit or loss: Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 69,112	$ -	$ 69,112
Recognized in the other comprehensive income (Unrealized valuation gain or loss on financial assets at fair value through other comprehensive	33,986	-	33,986

profit or loss)			
Balance, end of year	$ 103,098	$ -	$ 103,098

3. Techniques and input value for measurement of Level 3 fair value

Categories of financial instruments	Evaluation techniques and input values
Investment equity not listed at TWSE (TPEx)	Net asset approach: The Company referred to the net asset value measured by an independent external agency at fair value to evaluate the fair value of the investment target. Market approach: The Company evaluated the fair value of the investment target with reference to the recent operating activities of the investment target or the market transaction price and market conditions toward the similar targets.

4. The measurement of Level 3 fair value is the sensitivity analysis of the reasonable substituted assumption of fair value

   The Company's fair value measurement of financial instruments proves reasonable and such third-level fair value measurement does not use a self-built evaluation model. In turn, there was no need to perform a sensitivity analysis toward the possible alternative assumptions.

(3) Categories of financial instruments

	December 31, 2022	***December 31, 2021***
Financial Assets		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	$ 21,608	$ 76,538
Financial assets on the basis of cost after amortization (Note 1)	712,731	753,174
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	2,582,985	2,996,871
Debt instrument	201,000	200,000
Financial Liabilities		
Based on cost after amortization (Note 2)	2,719,238	2,863,354

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (excluding tax refunds receivable), restricted assets – current (other current assets listed in the account) and security deposits paid and refundable (entered as other assets in account) as well as other financial assets measured at post-amortization cost.

Note 2: The balance includes short-term loans, short-term bills payable, accounts payable (including related parties), other payables, long-term loans (including amounts due within one year) and deposits, and the like which are measured at post-amortization cost financial liabilities.

(4) Financial risk management objectives and strategies

The Company's major financial instruments include investment into equity and liability instruments, notes receivable, accounts receivable (including related parties), accounts payable (including related parties), other payables, lease liabilities and borrowings. The Company's financial management department provides services to each business unit, coordinates the operation of access to domestic and international financial markets, and monitors and manages financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on risk degree and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The company's operating activities subjecting the company to shoulder key financial risks being the foreign exchange rate fluctuation risk, interest rate fluctuation risk and equity securities pricing fluctuation risk.

(1) Exchange rate risk

The Company is engaged in sales and purchase transactions denominated in foreign currencies. Accordingly, the Company is exposed to exchange rate related risks. Approximately 65% of the Group's sales are not denominated in the functional currency of any of the Group's entity involved in the transaction, and approximately 19% of the cost is not denominated in the functional currency of any of the Group's entity involved in the transaction. The company's exchange rate exposure management is within the permitted scope of the policies and with the use of forward foreign exchange contract to manage risk.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the Company as of the balance sheet date, please refer to Note 32 for more details.

Sensitivity analysis

The Company is primarily affected by fluctuations in the exchange rate of the U.S. dollar currency.

The following table details the sensitivity analysis of the Company about the fact when the exchange rate of New Taiwan dollars (functional currency) to the relevant foreign currency with either increase or decrease by 3%. The 3% sensitivity rate is used for the Branch's reporting exchange rate risk to management; also, it is management's reasonable estimation of the possible fluctuation in exchange rates.

The sensitivity analysis includes only the outstanding foreign currency monetary items; also, the translation at yearend is adjusted with the change in exchange rate by 3%. The positive figures in the below table indicate that when various relevant currencies devaluating at 3%, which will affect the pretax net earnings' amount; when NTD appreciating by 3% to various relevant currencies, its impact to the pretax net earnings will be at the same amount but in a negative figure.

	The impact of the U.S. dollar	
	2022	2021
Profit and loss	$ 11,062	$ 8,692

(2) Interest rate risk

The Company is exposed to interest rate risks due to funds borrowed at floating interest.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
- Financial Liabilities	$ 400,000	$ 452,833
Contain cash flow interest rate risk		
- Financial Assets	202,500	201,500
- Financial Liabilities	1,964,000	2,182,000

The cash flow risk of interest rate changes is a liability with floating interest rate. Accordingly, where changes in market interest rates will cause the effective interest rate of short-term and long-term borrowings to change, the future cash flows will fluctuate in response.

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The fluctuation rate used on the interest rate in company internal report to key management level is at the interest rate plus or minus 100 base points, which also represents company management's assessment on rational probable fluctuation range on the interest rate.

Where interest rates increase/decrease by 100 base points and where all other variables remain unchanged, the Company's pre-tax net profit during the year 2022 and 2021 will decrease/increase by NTD17,615 thousand and NTD19,805 thousand.

(3) Other price-oriented risks.

The Company generates equity price risk insurance as a result of its investment in equity securities. The said equity investment is not held for trading but is a strategic investment instead. The Company has not actively traded such investments. The Company's equity price risk is primarily concentrated on the equity instruments of the petrochemical industry on the transaction in Taiwan area.

Sensitivity analysis

The below listed sensitivity analysis has been sought by equity pricing exposure on the balance sheet date.

Where the equity price increases/decreases by 15%, the Company's pre-tax profit and loss during the year 2022 and 2021 would increase/decrease NTD3,241 thousand and NTD11,481 thousand as a result of changes in the fair value of financial assets measured at fair value through profit and loss. During the year 2022 and 2021, other comprehensive profit and loss before tax would increase/decrease by NTD387,448 thousand and NTD449,531 thousand as a result of changes in equity instruments measured at fair value.

Compared to the preceding year, the Company's sensitivity to the above-mentioned securities equity investments has not changed significantly.

2. Credit risk

The term "credit risk" as set forth here incurred by the transaction counterparty's default in the obligations under a contract. As of the balance sheet date, the Company's maximum credit risk exposure of financial loss due to the counterparty's failure in fulfilling contractual obligations is mainly derived from the book value of the financial assets recognized on the balance sheet.

To mitigate the credit risk, the company management has assigned designated personnel responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedure, through which to ascertain that adequate action has been taken on recalling overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the Company's credit risk is significantly reduced.

The company continues to assess the financial condition of the customers of accounts receivable.

The Company does expose to any major credit risk against any single transaction counterparty or any group of counterparties with similar characteristics in any single transaction. Whenever a counterparty is a related company to each other, the Company defines it as a transaction counterparty with similar characteristics.

3. Liquidity risk

The Company manages and maintains adequate cash and cash equivalents to uphold the Company's business operation and to abate the impact from cash flow fluctuations. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

Bank loan is a main source of liquidity to the company. Please refer to Note (2) "introduction of financing quota" for the Company's unused financial quota as of December 31, 2022 and 2021.

(1) Table of liquidity and potential interest rate risk of non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the consolidated company's undiscounted cash flow of financial liabilities on the possible earliest repayment date upon request. The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2022

	0–30 days	31–90 days	91–180 days	181 days to 1 year	Over 1 year	Total
Non-derivative financial liabilities						
Shot-term borrowings	$150,000	$575,000	$460,000	$300,000	$ -	$1,485,000
Short-term notes payable	200,000	200,000	-	-	-	400,000
Long-term borrowings	-	-	25,000	135,000	319,000	479,000
Accounts payable	127,853	163,602	784	-	-	292,239
Other payables	56,645	3,396	1,780	-	-	61,821
Deposits received	-	-	-	-	2,000	2,000
	$534,498	$941,998	$487,564	$435,000	$321,00(	$2,720,060

December 31, 2021

	0–30 days	31–90 days	91–180 days	181 days to 1 year	Over 1 year	Total
Non-derivative financial liabilities						
Shot-term borrowings	$460,000	$250,000	$ -	$300,000	$ -	$1,010,000
Short-term notes payable	200,000	150,000	100,000	-	-	450,000
Long-term borrowings	5,000	10,000	25,000	479,000	653,000	1,172,000
Accounts payable	38,753	132,513	680	-	-	171,946
Other payables	44,579	11,864	965	-	-	57,408
Lease liabilities	242	484	725	1,451	-	2,902
Deposits received	-	-	-	-	2,000	2,000
	$748,574	$554,861	$127,370	$780,451	$655,000	$2,866,256

(2) Financing amount

	December 31, 2022	December 31, 2021
Unsecured bank overdraft limit (subject to review anew on an annual basis)		
The loan quota used	$ 1,988,554	$ 2,189,459
The loan quota not yet used	861,446	460,541
	$ 2,850,000	$ 2,650,000
Secured bank overdraft line		
The loan quota used	$ 910,000	$ 1,090,000
The loan quota not yet used	40,000	10,000
	$ 950,000	$ 1,100,000

31. Capital risk management

Under the premise of capital management for assuring sustainable operation, the Company seeks to maximize return to shareholders through the optimization of debts and equity balance. There are no change to the company's overall strategy.

The Company's capital structure is composed of the net liabilities of the Company (i.e. the loans minus cash and equivalent cash) and equity (i.e. share capital, capital reserve, retained earnings and other equity items).

The Company's management reviews the capital structure yearly, and the reviews include taking into consideration the cost of capital and the risks associated with each class of capital. The Company based on the suggestions of management has the overall capital structure balanced by paying dividends, issuing new shares, buying back shares and issuing new debts or paying back old debts.

32. Information on foreign currency financial assets and liabilities subject to significant impact

The information about foreign currency financial assets and liabilities rendering material effect on the Company:

December 31, 2022

Foreign currency assets	Foreign Currency	Foreign Exchange Rate	NTD
Monetary Items			
USD	$ 12,007	30.71	$ 368,744

December 31, 2021

Foreign currency assets	Foreign Currency	Foreign Exchange Rate	NTD
Monetary Items			
USD	$ 10,467	27.68	$ 289,717

The Company is primarily subject to the foreign currency exchange rate risk in U.S. dollars. The following information is presented in the functional currency of each entity possessing foreign currency. The disclosed exchange rate refers to the exchange rate of such functional currency converting into the presentation currency. Those realized and unrealized foreign currency exchange gains and losses subject to significant impact are as enumerated below:

	2022		2021	
Foreign Currency	Foreign Exchange Rate	Net exchange profit	Foreign Exchange Rate	Net exchange loss
USD	29.81 (USD:NTD)	$ 41,390	28.01 (USD:NTD)	($ 10,679)

33. Disclosures

(I) Material transactions and (II) transfer investment information:

1. Loans to others: None.
2. Endorsements/guarantees to others: None.
3. Marketable securities held – end of year

Unit: Thousand shares Currency unit: NTD Thousand

Holder of Securities	Type and Name of Securities	Affiliation with Securities Issuer	Account Title	Ending				Remark
				Quantity	Book Value	Shareholding %	Market Value	
Pan Asia Chemical Corporation	Beneficiary certificates of funds							
	Taiwan Main Stream Small and Medium cap Fund	Affiliated enterprises	Financial assets at fair value through profit or loss-current	250	$ 7,275	-	$ 7,275	
	TCB Robts Quant Chinese Fd.	〃	〃	400	6,816	-	6,816	
	The RSIT Digital Fund	〃	〃	150	7,517	-	7,517	
					$ 21,608	-	$ 21,608	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	The parent company	The financial assets measured for the fair values through other comprehensive income- non-current	261,501	$2,251,522	16	$2,251,522	77,954 thousand shares pledged
	Taiwan Tea Corporation	N/A	〃	12,394	263,372	2	263,372	
	Non listed (OTC) domestic stock							
	TWSE	N/A	〃	376	32,811	-	32,811	
	Chung Chien Investment Co., Ltd.	A company controlled by CHINA MAN-MADE FIBER CORPORATION	〃	12,000	35,280	18	35,280	
	Chung Shing Textile Co., Ltd.	N/A	〃	120	-	-	-	
	Domestic bond							
	Taichung Commercial Bank financial bonds	Affiliated enterprises	〃	20	201,000	-	201,000	
					$2,783,985	-	$2,783,985	

4. Cumulative amount of the same marketable securities purchased or sold reaching NTD300 million or more than 20% of the Paid-in shares capital: None.
5. Acquisition amount of real estate reaching NTD300 million or more than 20% of the Paid-in shares capital: None.

6. Disposal of real estate reaching NTD300 million or more than 20% of the Paid-in shares capital: None.
7. Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital.

Unit: NTD thousand

Purchaser/Seller	Trading Counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Receivable (payable) accounts/notes		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit Price	Duration	Balance	Percentage in total receivable (payable) accounts/notes %	
Pan Asia Chemical Corporation	CHINA MAN-MADE FIBER CORPORATION	The parent company	Purchase	$ 786,910	59%	30–60 days	Other than some purchases without similar types available for a comparison, there are no major differences when compared with ordinary manufacturers.	30–180 days for the general transactions	($255,727)	(88%)	

8. Accounts receivable-related party reaching NTD100 million or more than 20% of the Paid-in capital: None.
9. Transactions in engaging in derivative financial instruments: None.
10. Other information: Amount of the business relationship and major transactions between parent company and subsidiaries and among subsidiaries: None.
11. Information about the investee’s name, location…..

Unit: NTD thousand

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
Pan Asia Chemical Corporation	Taichung Commercial Bank	Taichung City	Banking business	$ 1,674,702	$ 1,551,763	$276,387	6 %	$ 3,814,552	$ 5,344,205	$297,913	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	15,738	15,738	979	3 %	14,067	(17,458)	(548)	
	Melasse	Taipei City	Cleaning products manufacturing	-	14,500	-	- %	-	(20)	(10)	Note
Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	Taipei City	Leasing industry	1,800,000	1,800,000	207,983	100 %	2,192,053	140,441	140,441	
	Taichung Bank Insurance Agency Co., Ltd.	Taichung City	Insurance agency	6,000	6,000	128,600	100 %	1,977,256	282,793	282,793	
	Taichung Commercial Bank Securities Co., Ltd.	Taichung City	Securities business	1,500,000	1,500,000	162,450	100 %	1,701,553	(95,374)	(95,374)	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	120,000	120,000	12,000	38 %	172,301	(17,458)	(6,716)	
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	British Virgin Islands	Financing, leasing and investments.	893,373	893,373	30,000	100 %	902,507	59,926	59,926	
Taichung Commercial Bank Consolidated Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Taipei City	Venture Investment	210,000	210,000	21,000	100 %	203,070	(5,524)	(5,524)	

Note: Mélasse Company was dissolved through a resolution of the shareholders' meeting on December 6, 2021 and its application for dissolution was approved and registered on December 14, 2021. The liquidation benchmark date was March 14, 2022 and the liquidation declaration for business tax and enterprise income tax was completed on March 25, 2022.

(3) Information about investment in Mainland China

Unit: NTD thousand

Investee	Major Business Lines	Paid-in capital	Mode of investment	Amount remitted from Taiwan in accumulation at beginning of the present term	Investment Remittance or Regain during the current period		Amount remitted from Taiwan in accumulation at ending of the present term	Current period net gain (loss) of the investee	The Company's Direct or Indirect Investment Holding Ratio %	Investment loss recognized in current period (Note 1)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain						
Taichung Commercial Bank Leasing (Suzhou) Ltd.	Financing Leasing and investments	$893,373 (CNY186,329 thousand)	Investment in Mainland China via a company in existence in a third country/territory	$893,373 (CNY186,329 thousand)	$ -	$ -	$893,373 (CNY186,329 thousand)	$ 58,611 (CNY13,264 thousand)	5.51%	$ 3,229 (CNY731 thousand)	$46,921 (CNY10,645 thousand)	$-

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEA	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEA (Note 2)
$ 893,373	$ 893,373	$ 1,315,232

Note 1: The investment gain (loss) recognized based on the financial statement audited and certified by an independent external auditor.

Note 2: The ceiling calculated by the applicant, Taichung Commercial Bank Lease Enterprise. according to the "Regulations Governing the Review of Investment or Technical Cooperation in Mainland China" of Investment Commission, MOEA.

Note 3: The foreign currency, if any, has been translated into NTD (CNY1=NTD4.41, CNY1=NTD4.42) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.

(3) Information about investment in Mainland China:

1. Invested company's name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, investment gains and losses, investment yearend book value, investment income and loss inward, and investment limits in Mainland China. (Schedule 4)
2. With Mainland China, major transactions, and other prices, payment conditions, unrealized gains and losses that happened directly or indirectly through the third region by the investment company.
   (1) Input amounts, percentages, balance, and percentages of relevant payable at end of the term: None.
   (2) Sales amount and percentage thereof and the ending balance and percentage of related receivables: None.
   (3) Amount of property transaction and amount of the profit and/or loss so incurred: None.
   (4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term: None.
   (5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term: None.
   (6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g., provision or acceptance of services: None.

(4) Information of key shareholders: The names of the shareholders holding a shareholding ratio up to 5% or more, the amount and proportion of their shareholding.

Name of Principle shareholder	Stock	
	Shareholding (shares)	Shareholding
CHINA MAN-MADE FIBER CORPORATION	156,574,766	44.40%
Sheng Jen Knitted Textiles Co., Ltd.	21,867,744	6.20%
Chung Chien Investment Co., Ltd.	18,068,906	5.12%

34. Segment information

Departmental information is intended to be provided to major operating decision makers to allocate resources and evaluate departmental performance in a prudential manner. It focuses on the types of products or services delivered or provided. In the Company, the departments that should be reported are as enumerated below:

(1) Revenues and operating results of segments

Revenues and operating results of the company's continuing units are analyzed in accordance with segments to be reported, which are summarized as follows:

	Department income		Gain (loss) from operation	
	2022	2021	2022	2021
Department of Chemical Industry－EOD Plant	$ 1,514,160	$ 1,422,007	$ 140,604	$ 92,477
Department of Chemical Industry－Esterification Plant	314,574	305,570	(13,373)	(22,329)
Other Depts.	-	-	303,182	277,270
Total from continuing operations	$ 1,828,734	$ 1,727,577	$ 430,413	$ 347,418

Revenues reported above are generated from transactions with external customers. There were no inter-departmental sales generated on 2022 and 2021.

The term department profits refers to profits earned by each department, which does not include income tax expenses. The measured figures are provided for main decision - makers to allocate resources to segments and evaluate the performance of each segment.

(2) Departmental total assets

Segment assets	December 31, 2022	December 31, 2021
Chemical Industry－EOD Plant	$ 559,260	$ 620,654
Chemical Industry－Esterification Plant	330,362	352,465
Others	7,588,280	7,816,587
Total segment assets	$ 8,477,902	$ 8,789,706

(3) Information of key customers

During the year 2022 and 2021, the sales revenues came to NTD1,828,734 thousand and NTD1,727,577 thousand; of which, NTD193,167 thousand and NTD180,844 thousand respectively came from the Company's top customer. During the year 2022 and 2021, there was no other income from a single customer that accounts for more than 10% of the Company's total income.

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Pan Asia Chemical Corporation

Statement of Cash and Cash Equivalents

December 31, 2022

Statement 1 | Unit: NTD thousand

Items	Summary	Amount
Petty cash		$ 140
Bank deposits		
Demand deposits	Among them, foreign currency deposits are US$10,385 thousand × 30.71	350,528
Check deposits		191,976
		$ 542,644

Pan Asia Chemical Corporation

Statement of Financial Assets at Fair Value Through Profit or Loss - Current

December 31, 2022

Statement 2

Unit: In thousands of NTD/thousands of shares/thousands of units, unless stated otherwise

						Fair value	
Financial product	Summary	Number of shares or units	Face value	Total amount	Cost of acquisition	Unit Price	Total amount
Financial assets at fair value through profit and loss							
Beneficiary certificates of funds							
Taiwan Main Stream Small and Medium cap Fund		250	10	$ 2,500	$ 5,383	29.10	$ 7,275
TCB Robts Quant Chinese Fd.		400	10	4,000	4,548	17.04	6,816
The RSIT Digital Fund		150	10	1,500	5,354	50.11	7,517
		800		$ 8,000	$ 15,285		$ 21,608

Pan Asia Chemical Corporation

Statement of Notes Receivable and Accounts Receivable

December 31, 2022

Statement 3 | Unit: NTD thousand

Items	Summary	Amount
Notes receivable		
Company A	Loan	$ 6,967
Company B	〃	5,363
Company C	〃	4,894
Company D	〃	3,730
Company E	〃	2,638
Others (Note)	〃	2,826
		26,418
Accounts receivable		
Company A	Loan	24,123
Company B	〃	16,737
Company C	〃	10,374
Company D	〃	7,045
Company E	〃	6,539
Others (Note)	〃	65,906
		130,724
Less: Allowance for losses		(3,928)
		$ 153,214

Note: The balance of each client is less than 5% of the total amount.

Pan Asia Chemical Corporation

Statement of Inventories

December 31, 2022

Statement 4 Unit: NTD thousand

Items	Summary	Amount: Cost	Amount: Market Value
Raw materials	Market price: Net realizable value	$ 27,384	$ 23,639
Supplies	Market price: Net realizable value	6,054	4,966
Finished goods	Market price: Net realizable value	213,957	203,782
		247,395	$ 232,387
Less: Allowance for valuation loss		(15,008)	
		$ 232,387	

Pan Asia Chemical Corporation

Statement of Financial Assets at FVTOCI - Non-Current

January 1 to December 31, 2022

Statement 5

Unit: NTD thousand/thousand shares

Financial product	Balance – beginning		Increase in current period		Decrease in current period		Balance – ending	
	Quantity	Fair value (Note 5)	Quantity	Amount	Quantity	Amount	Quantity	Fair value
Shares traded on the Taiwan Stock Exchange or OTC exchange								
CHINA MAN-MADE FIBER CORPORATION (Note 1)	261,501	$ 2,654,233	-	$ -	-	$ 402,711	261,501	$ 2,251,522
Taiwan Tea Corporation (Note 2)	11,800	239,540	594	23,832	-	-	12,394	263,372
Domestic TWSE-/TPEx-listed bonds								
Taichung Commercial Bank financial bonds (Note 3)	20	200,000	-	1,000	-	-	20	201,000
Non listed (OTC) domestic stock								
Taiwan Stock Exchange Corporation (Note 4)	309	28,098	67	4,713	-	-	376	32,811
Chung Chien Investment Co., Ltd. (Note 5)	12,000	75,000	-	-	-	39,720	12,000	35,280
Chung Shing Textile Co., Ltd.	120	-	-	-	-	-	120	-
		$ 3,196,871		$ 29,545		$ 442,431		$ 2,783,985

Note 1: The decrease in this period is due to the unrealized loss of financial assets measured at fair value through other comprehensive income in the amount of NT$402,711 thousand.

Note 2: The increase in current period is the result of an additional investment of 594 thousand shares at the cost of NT$12,718 thousand and the recognition at fair value of unrealized gains from valuation of financial assets at fair value through profit and loss accounts amounting to NT$11,114 thousand.

Note 3: The increase in this period is due to the unrealized gain of financial assets measured at fair value through other comprehensive income in the amount of NT$1,000 thousand.

Note 4: The increase in this period is due to the stock dividend of 67 thousand shares received and the unrealized gain of financial assets measured at fair value through other comprehensive income in the amount of NT$1,000 thousand.

Note 5: The decrease in this period is due to the unrealized loss of financial assets measured at fair value through other comprehensive income in the amount of NT$39,720 thousand.

Pan Asia Chemical Corporation

Statement of Changes in Long-term Equity Investment Using the Equity Method

January 1 to December 31, 2022

Statement 6

Unit: NTD thousand/thousand shares

	Balance – beginning		Increase in current period		Decrease in current period		Balance – ending			
Investee	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Shareholding %	Amount	Net market price or equity
Taichung Commercial Bank (Note 1)	253,261	$ 3,541,067	23,126	$ 423,454	-	$ 149,969	276,387	5.51%	$ 3,814,552	$ 3,537,749
Taichung Securities Investment Trust Co., Ltd. (Note 2)	979	13,481	-	1,134	-	548	979	3.14%	14,067	14,067
Melasse (Note 3)	1,450	10,721	-	-	1,450	10,721	-	-	-	-
		$ 3,565,269		$ 424,588		$ 161,238			$ 3,828,619	$ 3,551,816

Note 1: The increase in current period is the result of receiving stock dividends of 12,663 thousand shares and the participation in raising capital of 10,463 thousand new shares at the cost of NT$122,939 thousand and the share of income from subsidiaries, affiliates and equity joint-ventures accounted for under the equity method for recognition amounting to NT$297,913 thousand and the exchange gain from financial statements of foreign operations accounted for under the equity method amounting to NT$2,602 thousand. The decrease in current period is the result of receiving cash dividends from investee companies amounting to NT$63,315 thousand, the share of income from subsidiaries, associates and equity joint-ventures accounted for under the equity method for recognition amounting to NT$84,606 thousand and the decline of the shareholding ratio for net adjustment with retained earnings decreased by NT$2,048 thousand for the presentation.

Note 2: The increase in this period is due to the share of other comprehensive income of subsidiaries, associates, and joint ventures recognized under the equity method of NT$1,134 thousand. The decrease in this period is due to the share of profit and loss of subsidiaries, associates, and joint ventures recognized under the equity method of NT$548 thousand.

Note 3: The decrease in the current period is the result of the share of income from subsidiaries, affiliates and equity joint-ventures accounted for under the equity method for recognition amounting to NT$10 thousand and the refund of investment under capital reduction for recapitalization from investee companies accounted for under the equity method amounting to NT$10,711 thousand.

Pan Asia Chemical Corporation

Statement of Short-term Borrowings

December 31, 2022

Statement 7

Unit: NTD thousand

Types of loans and creditors	Description	Balance – ending	Contract period	Interest Rate Collars %	Financing amount	Mortgage or guarantee
Credit loan						
Taiwan Cooperative Bank		$ 350,000	2022.03.25~2023.10.14	1.70%	$ 350,000	Joint guarantor: Chairman Kuei-Hsien Wang
Taiwan Business Bank		700,000	2022.09.30~2023.06.05	1.70%-1.83%	700,000	〃
Bank of Kaohsiung Co., Ltd.		100,000	2022.11.01~2023.01.30	1.54%	100,000	〃
Chang Hwa Bank		75,000	2022.10.14~2023.03.15	1.83%	100,000	〃
Taishin International Bank		80,000	2022.12.15~2023.03.01	1.75%	80,000	〃
Bank Of Taiwan		80,000	2022.12.15~2023.06.13	1.83%	80,000	〃
First Commercial Bank		100,000	2022.11.11~2023.02.10	1.81%	100,000	〃
		$ 1,485,000			$ 1,510,000	

Pan Asia Chemical Corporation

Statement of Accounts Payable

December 31, 2022

Statement 8 Unit: NTD thousand

Customer Name	Summary	Amount
Accounts payable		
Company A	Loan	$ 17,860
Company B	〃	3,853
Company C	〃	3,739
Company D	〃	2,353
Others (Note)	〃	8,707
		36,512
Accounts payable from related parties		
China Man-Made Fiber Corporation	〃	255,727
		$ 292,239

Note: The balance of each client is less than 5% of the total amount.

Pan Asia Chemical Corporation

Statement of Long-term Borrowings

December 31, 2022

Statement 9

Unit: In NTD thousands, unless specified otherwise

				Amount			
Bank	Summary	Contract period	Annual rate of interest (%)	Due within 1 year	Due after more than 1 year	Total	Mortgage or guarantee
Taiwan Cooperative Bank	Mid-term secured loans (Note 18)	2019.08.23~2024.08.23	1.85	$ -	$ 244,000	$ 244,000	Land and building in Kaohsiung
Union Bank of Taiwan Co., Ltd.	Mid-term secured loans (Note 18)	2022.05.25~2027.05.25	1.92	50,000	25,000	75,000	48,954 thousand shares of China Man-Made Fiber Corporation
JihSun International Commercial Bank Co., Ltd.	Mid-term secured loans (Note 18)	2022.12.05~2023.10.13	1.89	110,000	-	110,000	29,000 thousand shares of China Man-Made Fiber Corporation
Bank of Panshin	Mid-term unsecured loans (Note 18)	2022.06.13~2025.06.13	1.88	-	50,000	50,000	Joint guarantor: Chairman Kuei-Hsien Wang
				$ 160,000	$ 319,000	$ 479,000	

Pan Asia Chemical Corporation

Statement of Operating Revenue

January 1 to December 31, 2022

Statement 10 Unit: Tons/NTD thousand

Items	Amount	Amount
NP series	9,878	$ 589,445
NAL series	2,450	157,346
DEG series	4,124	175,909
Others (Note)	15,627	906,034
		$ 1,828,734

Note: The balance of each type is less than 5% of the total amount.

Pan Asia Chemical Corporation

Statement of Operating Costs

January 1 to December 31, 2022

Statement 11 Unit: NTD thousand

Items	Amount
Direct raw materials	
Raw materials in the beginning of the period	$ 52,615
Add: Purchases	1,176,740
Less: Sales	(931)
Requested by departments	(1,180)
Cost of scrapping of inventories	(1,466)
Raw materials in the end of period	(27,384)
Direct raw materials consumed	1,198,394
Indirect raw materials	
Supplies in the beginning of the period	5,773
Add: Purchases	114,428
Less: Sales	(32)
Requested by R&D	(723)
Requested by departments	(113,391)
Raw materials in the end of the period	(6,055)
Indirect raw materials consumed	-
Direct labor	10,957
Overhead	261,803
Add: Losses on work stoppages	78,210
Cost of finished goods	1,549,364
Add: Finished goods and contracted processed goods in the beginning of the period	178,473
Purchased finished goods	53,264
Less: Finished goods and contracted processed goods in the end of the period	(213,957)
Requested by departments	(4)
Cost of scrapping of inventories	(4,307)
Cost of sales of finished goods	1,562,833
Add: Cost of raw materials sold	963
Add: Cost of sales of inventories	4
Add: Adjustment to cost of sales	1,007
Add: Cost of scrapping of inventories	5,773
Less: inventory adjustment credit	(5,698)
Less: capital gains from rebound of inventory devaluation.	(4,254)
	$ 1,560,628

Pan Asia Chemical Corporation

Statement of Operating Expenses

January 1 to December 31, 2022

Statement 12 Unit: NTD thousand

Name	Marketing expenses	Administration expenses	Gain on reversal of expected credit loss	Total
Employee benefits expenses	$ 5,426	$ 26,953	$ -	$ 32,379
Export expense	69,540	-	-	69,540
Rent	-	3,830	-	3,830
Freight	8,886	6	-	8,892
Miscellaneous expenses (Note)	2,278	24,207	1,916	28,401
	$ 86,130	$ 54,996	$ 1,916	$ 143,042

Note: The balance of each item less than 5% of the total amount is listed.

Pan Asia Chemical Corporation

Statement of Employee Benefits, Depreciation, and Amortization Expenses of the Year by Function

January 1 to December 31, 2022 and 2021

Statement 13 Unit: NTD thousand

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary & wage	$ 61,177	$ 25,805	$ 86,982	$ 63,379	$ 21,864	$ 85,243
Labor insurance and national health insurance	6,582	1,406	7,988	6,557	1,437	7,994
Remuneration to Directors	-	2,628	2,628	-	2,376	2,376
Pension expenses	3,102	797	3,899	3,033	818	3,851
Other employee benefits expenses	2,677	1,743	4,420	2,648	1,418	4,066
	$ 73,538	$ 32,379	$ 105,917	$ 75,617	$ 27,913	$ 103,530
Depreciation expenses	$ 65,275	$ 2,909	$ 68,184	$ 68,295	$ 5,739	$ 74,034
Amortization expenses	$ -	$ 65	$ 65	$ 55	$ 11	$ 66

Note:

1. The number of employees for 2022 and 2021 was 113 and 117, respectively, of which the number of directors who were not concurrently employees was 6 and 6, respectively.
2. Companies whose stocks have been listed on TWSE or TPEx shall disclose the following additional information:
   (1) The average employee benefit expense for 2022 was NT$965 thousand. The average employee benefit expense for 2021 was NT$911 thousand.
   (2) The average employee salary for 2022 was NT$813 thousand. The average employee salary for 2021 was NT$768 thousand.
   (3) The average adjustment to employee salary is 5.86%.
   (4) The Company does not have supervisors in place.
   (5) The Company's remuneration policy (including directors, managers, and employees) is as follows:
      A. The remunerations for directors are in accordance with provisions in Article 16 and Article 19 of the company charter.
         i. The board of directors shall authorize remunerations for directors based on their level of participation in company operations and value contributed. Remunerations are set in reference to the standard of payment adopted by companies in the same trade.
         ii. If the company has made profits during the year, remunerations for directors not exceeding 0.3% shall be granted upon resolution by the board of directors and shall be resolved at the shareholders' meeting
      B. Remunerations for managers and employees are conducted in accordance with the company's Charter Article 19, the Company Remuneration Committee Organizational Rules and related company regulations (including the Remunerations Management Guidelines, Assessment Guidelines, End-of-Year Bonus Distribution Guidelines, etc.)
         i. Remunerations for managers are set by the company's Remuneration Committee and are periodically assessed. In reference to the usual payment standard of the same industry, considerations are also given to personal performance, corporate operation performance, and the reasonability of association with future risks, which shall be submitted to the board of directors for resolution.
         ii. Remuneration for employees are conducted in accordance with the company's regulations. In addition, considerations are given to personal work performance, and degree of corporate operation contribution. The reasonability of remunerations are periodically assessed.
         iii. If the company has made profits during the year, 1%–5% will be allocated as remunerations for employees. The distribution ratio and distribution in shares or cash shall be resolved by the board of directors and shall be submitted to the shareholders' meeting for resolution.