

**Coremax Corporation and Subsidiaries**  
**Consolidated Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2022 and 2021**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of significant accounting policies	11~26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	26~27
(6) Explanation of significant accounts	27~58
(7) Related-party transactions	58
(8) Pledged assets	58
(9) Commitments and contingencies	59
(10) Losses Due to Major Disasters	59
(11) Subsequent Events	59
(12) Other	59
(13) Other disclosures	
(a) Information on significant transactions	59~60
(b) Information on investees	60
(c) Information on investment in mainland China	60
(d) Major shareholders	60~61
(14) Segment information	61~62

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Coremax Corporation as of and for the year ended December 31, 2022 under "the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements" of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the above-mentioned consolidated financial statements. Consequently, Coremax Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Coremax Corporation  
Chairman: Chi-Cheng Ho  
Date: March 1, 2023



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors  
Coremax Corporation:

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Loss allowance assessment of Receivables

Please refer to Note 4(7) “Financial instruments” for the accounting policies of loss allowance assessment of receivables, Note 5 “ for the relevant accounting estimation, and major sources of assumption uncertainty” ; and Note 6(4) “Notes and accounts receivable, net” to the consolidated financial statements for the details of relevant disclosures.



Description of key audit matters:

The Group has a worldwide customer base. As such, the Group may encounter difficulty in obtaining financial information of the customers due to the rapid changes in the business environment which included the industry, technology, market, and economic, as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers' financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our main audit procedures included: Obtaining and checking the accuracy of the impairment loss calculation from the management of the accounts receivable ; Checking the completeness of the aging analysis of the receivables and accuracy of the aging bracket by sampling, and analyzing the receivables aging and historical receivables collection record and customer credit risk concentration in measuring the appropriateness of the expected credit loss rate in order to evaluate the reasonableness of the provision amount of the account receivable loss allowance of the Group, and evaluating the adequacy of the Group's disclosures in the accounts.

## 2. Valuation of Inventories

Please refer to Note 4(8) "Inventories" for the accounting policies of inventories valuation, Note 5 "for the relevant accounting estimation, and major sources of assumption uncertainty", and Note 6(5) "Inventories" to the consolidated financial statements for the details of relevant disclosures.

Description of key audit matters:

The Group's inventories are measured at the lower of cost and net realizable value. The Group will exercise judgment in estimating the net realizable value of its inventories as at reporting date. Estimation of net realizable value might subject to significant changes due to the fluctuations of the market and rapid changes in technology. Therefore, estimation of devaluation loss that reduce inventory to market value is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Understanding and evaluating the assessment performed by the management in calculating the net realizable value, as well as vouching to relevant documents for samples selected; evaluating the adequacy of the provisions policy ; assessing whether the valuation of inventories did follow such policy; and considering the adequacy of the Group's disclosures in the accounts.

## Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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



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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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



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

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

The engagement partners on the audit resulting in this independent auditors' report are Chi-Lung Yu and Pei-chi Chen.

KPMG

Taipei, Taiwan (Republic of China)  
March 1, 2023

#### **Notes to Readers**

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

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





(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Coremax Corporation and subsidiaries

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Net operating revenue (note 6(21))	\$ 9,081,621	100	7,338,783	100
Operating costs (notes 6(5), (17) and (22))	<u>8,057,095</u>	<u>89</u>	<u>6,395,418</u>	<u>87</u>
<b>Gross profit</b>	<u>1,024,526</u>	<u>11</u>	<u>943,365</u>	<u>13</u>
<b>Operating expenses</b> (notes 6(4), (17) and (22)):				
Selling expenses	134,621	1	101,442	2
General administrative expenses	286,512	3	227,550	3
Research and development expenses	20,558	-	8,971	-
Expected credit loss	-	-	21,029	-
<b>Total operating expenses</b>	<u>441,691</u>	<u>4</u>	<u>358,992</u>	<u>5</u>
<b>Net operating income</b>	<u>582,835</u>	<u>7</u>	<u>584,373</u>	<u>8</u>
<b>Non-operating income and expenses:</b>				
Other income (note 6(23))	18,350	-	23,551	-
Other gains and losses, net (note 6(23))	51,191	1	18,402	-
Finance costs (notes 6(15), (16), and (23))	(50,323)	(1)	(24,370)	-
Total interest income (note 6(23))	10,976	-	1,237	-
Foreign exchange gains (note 6(24))	120,667	1	2,403	-
	<u>150,861</u>	<u>1</u>	<u>21,223</u>	<u>-</u>
<b>Income before income tax</b>	733,696	8	605,596	8
Income tax expenses (note 6(18))	<u>203,596</u>	<u>2</u>	<u>157,176</u>	<u>2</u>
<b>Net income</b>	<u>530,100</u>	<u>6</u>	<u>448,420</u>	<u>6</u>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurements of defined benefit plans	2,601	-	(2,830)	-
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income (note 6(3))	(7,756)	-	(12,203)	-
Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	<u>(5,155)</u>	<u>-</u>	<u>(15,033)</u>	<u>-</u>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign financial statements	18,059	-	(18,169)	-
Income tax relating to item that may be reclassified subsequently (note 6(18))	4,381	-	(4,443)	-
Total items that may be reclassified subsequently to profit or loss	<u>13,678</u>	<u>-</u>	<u>(13,726)</u>	<u>-</u>
<b>Other comprehensive income</b>	<u>8,523</u>	<u>-</u>	<u>(28,759)</u>	<u>-</u>
<b>Total comprehensive income</b>	<u>\$ 538,623</u>	<u>6</u>	<u>419,661</u>	<u>6</u>
<b>Net income attributable to:</b>				
Shareholders of the parent	\$ 493,160	6	462,930	6
Non-controlling interests	36,940	-	(14,510)	-
	<u>\$ 530,100</u>	<u>6</u>	<u>448,420</u>	<u>6</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent	\$ 506,366	6	432,299	6
Non-controlling interests	32,257	-	(12,638)	-
	<u>\$ 538,623</u>	<u>6</u>	<u>419,661</u>	<u>6</u>
<b>Earnings per share (New Taiwan Dollars) (note 6(20)):</b>				
Basic earnings per share	\$ 4.72		4.67	
Diluted earnings per share	\$ 4.47		4.62	

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Coremax Corporation and subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings				Exchange differences on translation of foreign financial statements		Other equity interest (losses) on unrealized gains financial assets measured at fair value through other comprehensive income		Treasury shares	Subtotal of equity attributable to the shareholders of the parent	Non-controlling interests	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total	Total other equity interest	Unrealized gains				
<b>Balance at January 1, 2021</b>	930,293	1,603,253	222,255	20,130	625,616	868,001	(13,411)	(5,147)	(129,796)	3,253,193	717,236	3,970,429
Net income (loss) for the period	-	-	-	-	462,930	462,930	-	-	-	462,930	(14,510)	448,420
Other comprehensive income (loss) for the period	-	-	-	-	(2,653)	(2,653)	(17,771)	(10,207)	-	(30,631)	1,872	(28,759)
Total comprehensive income (loss) for the period	-	-	-	-	460,277	460,277	(17,771)	(10,207)	-	432,299	(12,638)	419,661
Appropriation and distribution of retained earnings:												
Appropriated legal reserve	-	-	15,385	-	(15,385)	-	-	-	-	-	-	-
Reversed special reserve	-	-	-	(1,571)	1,571	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(121,205)	(121,205)	-	-	-	(121,205)	-	(121,205)
Capital increase by cash	140,000	717,850	-	-	-	-	-	-	-	857,850	-	857,850
Issuance of convertible bonds	-	136,719	-	-	-	-	-	-	-	136,719	-	136,719
Transfer treasury shares to employees (including subsidiaries)	-	19,542	-	-	-	-	-	-	34,295	53,837	-	53,837
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	70,101	-	-	(2,662)	(2,662)	-	-	2,662	70,101	21,681	91,782
Adjustment to capital surplus due to cash dividend distributed to subsidiary	-	3,316	-	-	-	-	-	-	-	3,316	-	3,316
Difference between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	(53)	-	-	-	-	-	-	-	(53)	(4,968)	(5,021)
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	(1,246)	-	-	-	-	-	-	-	(1,246)	1,246	-
Share-based payments transactions	-	36,185	-	-	-	-	-	-	-	36,185	430	36,615
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(21,856)	(21,856)
Subsidiaries' capital increase by cash	-	-	-	-	-	-	-	-	-	-	44,464	44,464
<b>Balance at December 31, 2021</b>	1,070,293	2,585,667	237,640	18,559	948,212	1,204,411	(31,182)	(15,354)	(92,839)	4,720,996	745,595	5,466,591
Net income for the period	-	-	-	-	493,160	493,160	-	-	-	493,160	36,940	530,100
Other comprehensive income (loss) for the period	-	-	-	-	2,073	2,073	17,526	(6,393)	-	13,206	(4,683)	8,523
Total comprehensive income (loss) for the period	-	-	-	-	495,233	495,233	17,526	(6,393)	-	506,366	32,257	538,623
Appropriation and distribution of retained earnings:												
Appropriated legal reserve	-	-	45,761	-	(45,761)	-	-	-	-	-	-	-
Appropriated special reserve	-	-	-	27,977	(27,977)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(316,813)	(316,813)	-	-	-	(316,813)	-	(316,813)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(24,740)	(24,740)
Subsidiaries' capital increase by cash	-	-	-	-	-	-	-	-	-	-	86,458	86,458
Share-based payments transactions	-	911	-	-	-	-	-	-	5,609	911	515	1,426
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	78,367	-	-	(5,609)	(5,609)	-	-	-	78,367	74,400	152,767
Adjustment to capital surplus due to cash dividends distributed to subsidiary	-	5,740	-	-	-	-	-	-	-	5,740	-	5,740
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	2,730	-	-	-	-	-	-	-	2,730	-	2,730
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	-	-	-	-	-	-	-	-	-	(435)	(435)
<b>Balance at December 31, 2022</b>	1,070,293	2,673,415	283,401	46,536	1,047,285	1,377,222	(13,656)	(21,747)	(87,230)	4,998,297	914,050	5,912,347

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Coremax Corporation and subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 733,696	605,596
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation	288,872	289,543
Share-base payments	1,426	36,615
Expected credit loss	-	21,029
Net loss (profit) on financial assets and liabilities at fair value through profit or loss	(53,787)	5,052
Interest expense	50,323	24,370
Interest income	(10,976)	(1,237)
Dividend income	(8,675)	(8,622)
Impairment loss on property, plant and equipment	-	46,985
Gain on disposal of investments	-	(73,675)
Adjustment for other non-cash-related losses, net	530	19
<b>Subtotal of gains or losses on non-cash activities</b>	<b>267,713</b>	<b>340,079</b>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	(8,943)	36,458
Accounts receivable	209,316	(248,642)
Inventories	(344,582)	(851,942)
Prepayments to suppliers	661,321	(401,547)
Other current assets	(78,468)	(42,942)
Other financial assets	10,431	(17,180)
Notes payable	(26,376)	(18,895)
Accounts payable	(31,595)	(19,796)
Other payable	152,184	8,109
Other current liabilities	197,123	68,453
Net defined benefit liability and asset	(797)	(962)
<b>Total adjustments</b>	<b>1,007,327</b>	<b>(1,148,807)</b>
Cash inflow (outflow) generated from operations	1,741,023	(543,211)
Interest received	10,976	1,237
Interest paid	(40,731)	(24,376)
Income taxes paid	(145,298)	(66,570)
<b>Net cash from operating activities</b>	<b>1,565,970</b>	<b>(632,920)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from capital liquidation of financial assets at fair value through other comprehensive income	25,875	-
Proceeds from disposal of subsidiaries	-	83,420
Acquisition of property, plant and equipment	(540,990)	(432,208)
Proceeds from disposal of property, plant and equipment	624	43,380
Increase in refundable deposits	(19,013)	(7,383)
Increased in restricted deposit	-	(100,000)
Increase in other non-current assets	1,185	(136,191)
Acquisition of non-controlling interests	(435)	(5,021)
Dividends received	8,675	8,622
<b>Net cash used in investing activities</b>	<b>(524,079)</b>	<b>(545,381)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	344,481	375,898
Decrease in short-term notes and bills payable	(80,000)	-
Proceeds from long-term borrowings	30,000	342,830
Repayments of long-term borrowings (including current portion)	(62,291)	(50,000)
Decrease in guarantee deposits received	-	(1,200)
Payment of lease liabilities	(4,990)	(6,196)
Cash dividends paid	(311,073)	(117,889)
Subsidiaries' capital increase by cash	86,458	44,894
Capital increase by cash	-	857,850
Cash dividends paid for non-controlling interests	(24,740)	(21,856)
Issuance of convertible bonds	-	808,056
Disposal of company's share by subsidiaries	152,767	91,782
Treasury stocks transfer to employees	-	53,837
<b>Net cash from financing activities</b>	<b>130,612</b>	<b>2,378,006</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>17,039</b>	<b>(21,435)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,189,542</b>	<b>1,178,270</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,882,198</b>	<b>703,928</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,071,740</b>	<b>1,882,198</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**COREMAX CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(amounts expressed in Thousands of New Taiwan Dollars,  
except for per share information and unless otherwise noted)**

**1. Company history**

Coremax Corporation (the “Company”) was incorporated in Hsinchu, Republic of China (R.O.C.), on June 16, 1992. The registered address of the Company’s office is 11 Wenhua Road, Hsinchu Industrial Park, Hsinchu County 30352, Taiwan R.O.C. The Company’s ordinary shares were publicly listed on the Taiwan Stock Exchange on September 8, 2017 and the trading of Taipei Exchange stock was officially terminated on the same date.

The Company and subsidiaries (together referred to as the “Group”) are mainly involved in the manufacturing, sales, import and export of oxidation catalyst, battery materials, chemical fertilizers and specialty chemicals.

**2. Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2023.

**3. New standards, amendments and interpretations adopted:**

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

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

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

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

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

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

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- IFRS16 “Requirements for Sale and Leaseback Transactions”

**4. Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all the periods presented in the consolidated financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated balance sheets:

- 1) Financial assets at fair value through profit or loss are measured at fair value (include derivative instruments);
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(14).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company’s functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Losses attributable to the noncontrolling interests in a subsidiary are attributed to the noncontrolling interests even if doing so results in a deficit noncontrolling interests’ balance.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The accounting policies in the subsidiary's financial statements has been adjusted properly to be consistent with the accounting policies used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attributable it to the owners of the Company.

Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

Name of Investor	Name of Subsidiary	Business Nature	Percentage of Ownership (%)		Note
			December 31, 2022	December 31, 2021	
The Company	Coremax (BVI) Corporation	Investment company	100 %	100 %	
The Company	Uranus Chemicals Co., Ltd. (Uranus Chemicals)	Manufacturing and sales of oxalic acid 、 organic and inorganic acid 、 rare earth compounds and related products	63.94 %	64.71 %	Note 1
The Company	Hengi Chemical Co., Ltd. (Hengi)	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	82.44 %	82.44 %	
Coremax (BVI) Corporation	Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	100 %	100 %	
Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	100 %	100 %	



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Subsidiary	Business Nature	Percentage of Ownership (%)		Note
			December 31, 2022	December 31, 2021	
Coremax (BVI) Corporation	Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	100 %	100 %	
Uranus Chemicals Co., Ltd. (Uranus Chemicals)	Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid 、organic and inorganic acid 、rare earth compounds and related products	100 %	100 %	

Note1 : The changing in the percentage of its ownership for subsidiaries, please refer to Note 6(6).

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting date; or
- (iv) The asset is cash or cash equivalent except for the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting date; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

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

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

4) Impairment of financial assets

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

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

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

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' "which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

5) Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

6) Derecognition of financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings: 4 to 60 years.
- 2) Machinery and equipment: 2 to 19 years.
- 3) Transportation Equipment: 4 to 7 years.
- 4) Other equipment: 3 to 11 years.
- 5) Buildings constitute mainly plant, buildings, mechanical and electrical power equipment, and related engineering, etc. Each constituent is depreciated based on its useful life, respectively.

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

(10) Leases

(i) Identifying a lease

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

(ii) As a lessee

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

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

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



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

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

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including printer and staff dormitory. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all the rent concessions for all leased land occurring as a direct consequence of the COVID-19 pandemic are lease modifications or not.

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



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iii) As a lessor

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

(11) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(12) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(13) Revenue from contracts with customers

(i) Sale of goods

The Group researches, develops, produces, manufactures and sells various chemical catalyst products, cobalt compound products, oxalic acid products and electronic components, as well as batteries. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

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

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(14) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(15) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(16) Income tax

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

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

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(17) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable and employee remuneration that could be distributed in share.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(18) Operating segment information

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

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following:

(1) The loss allowance of notes and accounts receivables

The Group has estimated the loss allowance of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(4) for the impairment evaluation of receivables.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated demands of the products within a specific time horizon in the future, therefore, the above estimation may have a significant change. Please refer to note 6(5) for further description of the valuation of inventories.

Accounting policies and disclosures of the Group include the fair value measurement for financial or non-financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the valuation.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The Group evaluates its assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used, and the different levels have been defined as follows:

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

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

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

When there is a transfer between levels of the fair value hierarchy, the Group recognizes the transfer at the reporting date. For the assumptions used in fair value measurement, please refer to note 6(24) of the financial instruments.

**6. Explanation of significant accounts**

(1) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash on hand	\$ 2,038	475
Demand deposits and checking accounts	2,586,694	1,879,030
Time deposits	483,008	2,693
	<b>\$ 3,071,740</b>	<b>1,882,198</b>

Please refer to note 6(24) for the disclosure of currency risk of the financial assets and liabilities.

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial assets – non-current:		
Call and put option – convertible bonds payable	\$ -	6,408

Financial assets measured at fair value through profit or loss – current :

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Futures	\$ 51,655	-

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial liabilities – non current :		
Call and put option – convertible bonds payable	\$ 2,482	-

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (i) The Group uses derivative financial instruments to hedge the price fluctuations risk of raw materials due to fluctuations in international metal market. As of December 31, 2021, the futures trading of the Company has been settled. As of December 31, 2022, the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss:

	<b>Open Position</b>			<b>Fair Value</b>
	<b>Buyer/Seller</b>	<b>Amount (ton)</b>	<b>Transaction Price</b>	
December 31, 2022	Seller	163	USD 40,345/ton ~USD \$57,761/ton	\$ <u><u>53,117</u></u>
December 31, 2022	Seller	12	USD \$26,000/ton	\$ <u><u>(1,462)</u></u>

The above-mentioned futures were traded at the period of September to December in 2022, and the settlement dates would be at the period from January to June in 2023, with net cash settlement.

Please refer to note 6(9) for details of the outstanding futures contract margin on December 31, 2022 and 2021.

- (ii) Please refer to note 6(23) for The Group's net profit and loss (including realized and unrealized) generated from trading in derivative financial instruments in 2022 and 2021.
- (3) Financial assets at fair value through other comprehensive income—non-current

	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Non-current:		
Domestic unlisted stocks	\$ <u><u>3,369</u></u>	<u><u>37,000</u></u>

The purpose of these equity instruments is for long-term strategic investments and is not held for trading. As such, these instruments have been designated to be measured at fair value through other comprehensive income.

During the years of 2022 and 2021, the Group did not dispose any of its investment, thus, there were no transfer of accumulated profit and loss within the equity.

ORGCHEM TECHNOLOGIES, INC., which is held by the Group, has started liquidation from January, 2022. The Group has received \$25,875 thousands of capital liquidation payments until December 31, 2022, and for the amounts below original value, the Group recognized loss amounted to \$7,756 thousands. The liquidation process was in progress at the balance sheet date, and the accumulated evaluation gain or loss would be transferred from other equities to retained earnings one the process is completed.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(4) Notes and accounts receivable, net

(i) Notes receivable, net:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable from operating activities	<b>\$ 23,817</b>	<b>14,874</b>

(ii) Accounts receivable, net:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts receivable	\$ 615,444	824,760
Less: loss allowance	(29,112)	(26,754)
	<b>\$ 586,332</b>	<b>798,006</b>

The Group applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for all receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 510,208	0%	-
1 to 90 days past due	97,490	0%	-
91 to 180 days past due	2,451	0%	-
More than 181 days past due	-	100%	-
	<b>\$ 610,149</b>		<b>-</b>

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 801,808	0%	-
1 to 90 days past due	11,072	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	<b>\$ 812,880</b>		<b>-</b>

Note 1: As of December 31, 2022 and 2021, The accounts receivable amounting to \$29,112 and \$26,754 respectively from specific companies have been fully provided with impairment losses.



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The movement in the loss allowance for notes and accounts receivable was as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of period	\$ 26,754	5,981
Impairment losses recognized	-	21,796
Impairment losses reversal	-	(767)
Effect of exchange rate changes	<u>2,358</u>	<u>(256)</u>
Balance at end of period	<u><u>\$ 29,112</u></u>	<u><u>26,754</u></u>

(5) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 1,267,642	1,254,304
Work in process	504,261	516,537
Finished goods	<u>480,306</u>	<u>136,786</u>
	<u><u>\$ 2,252,209</u></u>	<u><u>1,907,627</u></u>

The components of operating costs were as follows:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 7,862,324	6,434,593
Inventory devaluation loss (reversal gain)	199,338	(35,462)
Gain from sale of scrap	<u>(4,567)</u>	<u>(3,713)</u>
	<u><u>\$ 8,057,095</u></u>	<u><u>6,395,418</u></u>

As of December 31, 2022 and 2021, the Group's inventories were not pledged as collaterals.

(6) Changes in the Company's ownership interest in a subsidiary

(i) Acquisitions of Non-controlling interests (NCI)

In 2022 and 2021, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for \$435 and \$5,021 in cash, respectively.

The effects of the changes in shareholdings were as follows:

	<u>2022</u>	<u>2021</u>
Carrying amount of NCI on acquisition	\$ 435	4,968
Consideration paid to NCI	<u>(435)</u>	<u>(5,021)</u>
Capital surplus differences between consideration and carrying amounts of subsidiaries shareholding acquired	<u><u>\$ -</u></u>	<u><u>(53)</u></u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (ii) Issuance of new shares for cash by subsidiaries, not subscribed to proportionately, did not lose control.

The Uranus Chemicals Co., Ltd. issued 6,250 thousand new shares in September, 2022, at a premium of \$32 per share, amounting to \$200,000, among which \$86,458 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of \$2,730. In addition, Uranus Chemicals Co., Ltd. recognized that the compensation cost of the above-mentioned cash capital increase reserved for employees' subscription for shares, was \$1,426.

The Uranus Chemicals Co., Ltd. issued 4,000 thousand new shares in May, 2021, at a premium of \$27 per share, amounting to \$108,000, among which \$14,968 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in a decrease in capital surplus of \$4,287.

The Hengi Chemical Co., Ltd. issued 10,000 thousand new shares in February, 2021, at a premium of \$35 per share, amounting to \$350,000, among which \$29,926 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of \$3,041. In addition, Hengi Chemical Co., Ltd. recognized that the compensation cost of the above-mentioned cash capital increase reserved for employees' subscription for shares, was \$430.

- (iii) Changes of shareholding ratio

Due to the above-mentioned transactions, the Company's ownership of Uranus Chemicals and Hengi Chemical have been changed. As of December 31, 2022 and 2021, the Company's shareholding ratio of Uranus Chemicals were 63.94% and 64.71%, respectively; and Company's shareholding ratio of Hengi were both 82.44%.

- (iv) Disposal of subsidiaries

Coremax (BVI) Corporation disposed Coremax Zhuhai Chemical Co., Ltd. in July 2021, and gain on disposal amounting to \$73,675. The net cash inflow from the disposal of the subsidiary is as follows:

	<b>2022</b>
Consideration transferred from the non-controlling interest	\$ 138,570
Less: cash and cash equivalents by subsidiaries	(55,150)
Net cash inflow	<b>\$ 83,420</b>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(7) Material NCI of subsidiaries

The material NCI of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Uranus Chemicals	Taiwan	36.06 %	35.29 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs endorsed by the FSC. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Uranus Chemicals' summarized financial information:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 513,681	328,170
Non-current assets	1,686,478	1,740,581
Current liabilities	(319,146)	(339,176)
Non-current liabilities	(356,262)	(331,986)
Net assets	<u>\$ 1,524,751</u>	<u>1,397,589</u>
NCI	<u>\$ 634,173</u>	<u>460,609</u>
	<u>2022</u>	<u>2022</u>
Sales revenue	<u>\$ 451,145</u>	<u>526,594</u>
Net income	\$ (46,964)	159,795
Other comprehensive income	701	531
Comprehensive income	<u>\$ (46,263)</u>	<u>160,326</u>
Profit (loss), attributable to NCI	<u>\$ 13,848</u>	<u>(25,787)</u>
Comprehensive income, attributable to NCI	<u>\$ 14,014</u>	<u>(24,812)</u>
Net cash flows from (used in) investing activities	\$ 114,648	(26,307)
Net cash flows from (used in) financing activities	(71,328)	3,946
Net cash flows from financing activities	<u>126,344</u>	<u>155,596</u>
Net increase in cash and cash equivalents	<u>\$ 169,664</u>	<u>133,235</u>
Pay to Uranus Chemicals' dividend	<u>\$ 5,740</u>	<u>3,316</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(8) Other current assets and other non-current assets

Other current assets :

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Offset against business tax payable and business tax receivables	\$ 147,327	100,751
Other	<u>52,899</u>	<u>21,007</u>
	<b><u>\$ 200,226</u></b>	<b><u>121,758</u></b>

Other non-current assets :

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other intangible assets	\$ 12,846	12,846
Prepaid equipment	28,726	180,119
Other	<u>8,539</u>	<u>4,402</u>
	<b><u>\$ 50,111</u></b>	<b><u>197,367</u></b>

(9) Other financial assets

Current:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Margin on futures contracts	\$ 61,735	30,864
Other	<u>8,663</u>	<u>19,094</u>
	<b><u>\$ 70,398</u></b>	<b><u>49,958</u></b>

Non-current:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Refundable deposits	\$ 8,286	9,122
Restricted deposits	<u>103,340</u>	<u>103,340</u>
	<b><u>\$ 111,626</u></b>	<b><u>112,462</u></b>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(10) Property, plant and equipment

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Prepaid Equipment and Construction in process</u>	<u>Total</u>
Cost:						
Balance at January 1, 2022	\$ 1,673,735	1,444,407	2,100,653	387,425	430,349	6,036,569
Additions	15,422	237,640	95,629	51,272	159,861	559,824
Disposals and scrap	-	(319)	(21,931)	(4,256)	-	(26,506)
Reclassification	26,623	329,835	203,486	45,612	(460,187)	145,369
Effect of exchange rate changes	393	3,391	9,586	582	240	14,192
Balance at December 31, 2022	<u>\$ 1,716,173</u>	<u>2,014,954</u>	<u>2,387,423</u>	<u>480,635</u>	<u>130,263</u>	<u>6,729,448</u>
Balance at January 1, 2021	\$ 1,663,215	1,384,542	2,138,177	366,987	254,740	5,807,661
Additions	11,319	80,354	106,240	32,815	225,796	456,524
Disposals and scrap	-	(23,796)	(93,084)	(16,927)	-	(133,807)
Reclassification	-	6,050	(42,199)	5,165	(50,057)	(81,041)
Effect of exchange rate changes	(799)	(2,743)	(8,481)	(615)	(130)	(12,768)
Balance at December 31, 2021	<u>\$ 1,673,735</u>	<u>1,444,407</u>	<u>2,100,653</u>	<u>387,425</u>	<u>430,349</u>	<u>6,036,569</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2022	\$ -	641,549	1,142,795	200,729	-	1,985,073
Depreciation for the period	-	100,247	145,663	37,135	-	283,045
Disposals and scrap	-	(241)	(21,130)	(3,981)	-	(25,352)
Reclassification	-	(717)	15	-	-	(702)
Effect of exchange rate changes	-	1,622	5,893	2,492	-	10,007
Balance at December 31, 2022	<u>\$ -</u>	<u>742,460</u>	<u>1,273,236</u>	<u>236,375</u>	<u>-</u>	<u>2,252,071</u>
Balance at January 1, 2021	\$ -	543,629	1,093,140	193,757	-	1,830,526
Depreciation for the period	-	109,373	143,199	29,864	-	282,436
Impairment loss	-	6,974	40,011	-	-	46,985
Disposals and scrap	-	(16,506)	(61,412)	(12,437)	-	(90,355)
Reclassification	-	-	(67,105)	(9,917)	-	(77,022)
Effect of exchange rate changes	-	(1,921)	(5,038)	(538)	-	(7,497)
Balance at December 31, 2021	<u>\$ -</u>	<u>641,549</u>	<u>1,142,795</u>	<u>200,729</u>	<u>-</u>	<u>1,985,073</u>
Carrying amounts:						
Balance at December 31, 2022	<u>\$ 1,716,173</u>	<u>1,272,494</u>	<u>1,114,187</u>	<u>244,260</u>	<u>130,263</u>	<u>4,477,377</u>
Balance at December 31, 2021	<u>\$ 1,673,735</u>	<u>802,858</u>	<u>957,858</u>	<u>186,696</u>	<u>430,349</u>	<u>4,051,496</u>
Balance at January 1, 2021	<u>\$ 1,663,215</u>	<u>840,913</u>	<u>1,045,037</u>	<u>173,230</u>	<u>254,740</u>	<u>3,977,135</u>

In July, 2021, Uranus Chemicals Co., Ltd assessed that the capacity utilization rates of certain production lines and ancillary equipment thereof declined because of changes in the supply of and demand for materials, thereby recognizing a loss of \$46,985.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Hengi Chemical conducted asset revaluation in years 1975, 1981 and 2001, and provided a land value appreciation reserve of \$207,483 (accounted for deferred income tax liabilities). Uranus Chemicals conducted an asset revaluation in 2007 and the Company conducted land revaluation when it obtained Uranus Chemicals control in November 2014 and provided a land value appreciation reserve of \$70,856 (accounted for deferred income tax liabilities).

The property, plant and equipment of the Group pledged as collateral, please refer to note 8.

(11) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land use right</u>	<u>Buildings</u>	<u>Transportation equipment and others</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 34,589	2,175	21,536	58,300
Disposal/Write-off	-	-	(8,359)	(8,359)
Effect of exchange rate changes and others	302	-	-	302
Balance at December 31, 2022	<u>\$ 34,891</u>	<u>2,175</u>	<u>13,177</u>	<u>50,243</u>
Balance at January 1, 2021	\$ 38,110	1,066	18,533	57,709
Additions	-	1,876	5,995	7,871
Disposal/Write-off	(3,344)	(767)	(2,992)	(7,103)
Effect of exchange rate changes and others	(177)	-	-	(177)
Balance at December 31, 2021	<u>\$ 34,589</u>	<u>2,175</u>	<u>21,536</u>	<u>58,300</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2022	\$ 5,563	271	11,419	17,253
Depreciation for the year	1,270	578	3,979	5,827
Disposal/Write-off	-	-	(8,359)	(8,359)
Effect of exchange rate changes and others	43	-	-	43
Balance at December 31, 2022	<u>\$ 6,876</u>	<u>849</u>	<u>7,039</u>	<u>14,764</u>
Balance at January 1, 2021	\$ 6,892	650	7,297	14,839
Depreciation for the year	1,278	388	5,441	7,107
Disposal/Write-off	(2,594)	(767)	(1,319)	(4,680)
Effect of exchange rate changes and others	(13)	-	-	(13)
Balance at December 31, 2021	<u>\$ 5,563</u>	<u>271</u>	<u>11,419</u>	<u>17,253</u>
Carrying amount:				
Balance at December 31, 2022	<u>\$ 28,015</u>	<u>1,326</u>	<u>6,138</u>	<u>35,479</u>
Balance at December 31, 2021	<u>\$ 29,026</u>	<u>1,904</u>	<u>10,117</u>	<u>41,047</u>
Balance at January 1, 2021	<u>\$ 31,218</u>	<u>416</u>	<u>11,236</u>	<u>42,870</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(12) Short-term notes and bills payable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Commercial paper payable	\$ -	<b>80,000</b>

As of December 31, 2021, the interest rate is 1.038%, with a maturity date of January 2022.

(13) Long-term/Short-term borrowings

(i) Short-term borrowings:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Secured bank loans	\$ 1,567,855	1,806,362
Unsecured bank loans	680,000	100,000
	<b>\$ 2,247,855</b>	<b>1,906,362</b>
Unused short-term credit lines	<b>\$ 6,019,563</b>	<b>3,519,366</b>
Range of interest rates	<b>1.40%~5.50%</b>	<b>0.82%~1.26%</b>

For the collateral for short-term borrowings, please refer to note 8.

Please refer to note 6(24) for the disclosure of interest risk, currency risk and liquidity risk.

(ii) Long-term borrowings:

<b>Lender</b>	<b>Use</b>	<b>Maturity year and Repayment</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Chang Hwa Commercial Bank	Long-term working capital	Effective from May 2024, repayable quarterly in 47 equal instalments.	80,000	80,000
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	41,310	41,310
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments	18,560	18,560
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments.	45,090	45,090
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	28,970	28,970
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments	7,950	7,950

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

<u>Lender</u>	<u>Use</u>	<u>Maturity year and Repayment</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	44,520	44,520
Chang Hwa Commercial Bank	Building	Effective from January 2024, repayable monthly in 84 equal instalments.	56,250	56,250
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	84,460	84,460
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	38,980	38,980
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments.	18,050	18,050
O-Bank	Working capital	From 2018 to 2033, repayable monthly in 101 equal instalments.	257,312	257,312
O-Bank	Working capital	From 2019 to 2026, effective from June 2022, repayable monthly in 49 equal instalments.	128,566	150,000
Mega Bank	Working capital	From 2019 to 2026, effective from June 2022, repayable monthly in 49 equal instalments.	214,286	250,000
Mega Bank	Machinery and equipment	From 2019 to 2026, effective from June 2022, repayable monthly in 49 equal instalments.	30,857	36,000
O-Bank	Machinery extension	From 2018 to 2033, effective from March 2025, repayable monthly in 101 equal instalments.	30,000	-
Less: Current portion of long-term borrowings			<u>(106,785)</u>	<u>(62,291)</u>
			<b><u>\$ 1,018,376</u></b>	<b><u>1,095,161</u></b>
Unused long-term credit lines			<b><u>\$ 31,860</u></b>	<b><u>124,860</u></b>
Range of interest rates at year end			<b>0.05%~</b>	<b>0.00%~</b>
			<b><u>2.15%</u></b>	<b><u>1.22%</u></b>

The Company and Uranus Chemicals signed a loan agreement with O-Bank and agreed with the covenants related to maintaining certain financial ratios. As of December 31, 2022 and 2021, both the Company and Uranus Chemicals were in compliance with the loan covenants.

The collateral of long-term borrowings, please refer to note 8.



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(14) Other payables and other current liabilities

Other payables and other current liabilities mainly include salary payables, bonus payable, equipment payables, environment examination and rectification fee payables and others.

(15) Convertible bonds

The Company issued the third domestic guaranteed convertible bond on October 28, 2021, by pledging \$40,000 thousand ordinary shares of Hengi Chemical, \$30,000 thousand ordinary shares of Uranus Chemicals Co., Ltd., and a demand deposit of \$100,000 to Chang Hwa Commercial Bank Co., Ltd., and Chang Hwa Commercial Bank Co., Ltd. was the guarantor. The relevant information of the Company's convertible corporate bonds is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2022</b>
Total proceeds from convertible corporate bonds issued	\$ 700,000	700,000
Less: issued corporate bonds discount	(17,060)	(21,472)
Corporate bonds payable balance at year-end	<b><u>\$ 682,940</u></b>	<b><u>678,528</u></b>
Embedded derivative – call and put options (recorded in financial assets (liabilities) at FVTPL–non-current)	<b><u>\$ (2,482)</u></b>	<b><u>6,408</u></b>
	<b>December 31, 2022</b>	<b>December 31, 2022</b>
Interest expense	<b><u>\$ 4,412</u></b>	<b><u>783</u></b>

The Company's third domestic guaranteed convertible corporate bonds are five year guaranteed convertible bonds with zero coupon rate, each with value of \$100, amounting to \$700,000. The conversion price on December 31, 2022 and 2021 were \$106.1 and \$108.5, respectively.

The date on which the above mentioned convertible corporate bonds are issued for three years (October 28, 2024) shall be the base date for the holders of convertible corporate bonds to sell them back in advance.

The Company has separately recognized its rights and liabilities of the above-mentioned convertible bonds upon issuance. The details are as follows:

<b>Item</b>	<b>Amount</b>
Total convertible corporate bonds issued	\$ 808,056
Fair value of embedded non-equity derivatives upon issued	6,408
Issuing cost	<u>(677,745)</u>
Equity component-stock options (reported in capital surplus-stock options)	<b><u>\$ 136,719</u></b>

After the separation of the above-mentioned embedded derivatives, the effective interest rate of the third domestic guaranteed convertible bond was 0.65%.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(16) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	\$ <u>3,341</u>	<u>4,988</u>
Non-current	\$ <u>9,464</u>	<u>12,801</u>

For the maturity analysis, please refer to note 6(24).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	\$ <u>177</u>	<u>246</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>2,056</u>	<u>1,334</u>
COVID-19-related rent concessions (recognized as other income)	\$ <u>31</u>	<u>31</u>
Total cash outflow for leases	\$ <u>7,223</u>	<u>7,776</u>

(i) Land and buildings leases

As of December 31, 2022 and 2021, the Group leases land and buildings for a period of 4 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles and others, with lease terms of 1 to 6 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases printers and staff dormitory with contract terms of 1 to 2 years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(17) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company and domestic subsidiaries were as follow:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Present value of the defined benefit obligation	\$ 39,885	45,138
Fair value of plan assets	<u>(48,350)</u>	<u>(50,204)</u>
	<u>\$ (8,465)</u>	<u>(5,066)</u>
Net defined benefit assets	<u>\$ 15,156</u>	<u>11,742</u>
Net defined benefit obligations	<u>\$ 6,691</u>	<u>6,676</u>

The Company and domestic subsidiaries established defined benefit plans by contributed to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company and domestic subsidiaries allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Fund, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company and domestic subsidiaries' Bank of Taiwan labor pension reserve account balance amounting to \$48,350 at December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund.

2) Movements in present value of defined benefit obligation

The movements in present value of the defined benefit obligation of the Company and domestic subsidiaries were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ 45,138	56,803
Current service cost and interest	419	724
Benefits paid from plan assets	(7,554)	(15,813)
Remeasurements of the net defined benefit liabilities	<u>1,882</u>	<u>3,424</u>
Defined benefit obligation as of December 31	<u>\$ 39,885</u>	<u>45,138</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company and domestic subsidiaries were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 50,204	63,560
Contributions made	925	1,363
Interest income	293	501
Benefits paid from plan assets	(7,554)	(15,813)
Return on plan assets	<u>4,482</u>	<u>593</u>
Fair value of plan assets at December 31	<u>\$ 48,350</u>	<u>50,204</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company and domestic subsidiaries were as follows:

	<u>2022</u>	<u>2021</u>
Current service cost	\$ 153	284
Net interest on the net defined benefit liabilities	<u>(26)</u>	<u>(61)</u>
	<u>\$ 127</u>	<u>223</u>

5) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company and domestic subsidiaries' remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income were as follows:

	<u>2022</u>	<u>2021</u>
Cumulative amount at January 1	\$ (10,565)	(7,735)
Recognized in profit (losses) for the period	<u>2,601</u>	<u>(2,830)</u>
Cumulative amount as of December 31	<u>\$ (7,964)</u>	<u>(10,565)</u>

6) Actuarial assumptions

The following are the Company and domestic subsidiaries' significant actuarial assumptions regarding the present value of the defined benefit obligation at the reporting date:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.20%~1.25%	0.55%~0.65%
Future salary increase rate	2.00%~3.50%	1.75%~3.50%

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The Company and domestic subsidiaries are expecting a contribution of \$0 to its defined benefit plans in the following year, beginning December 31, 2022.

The weighted average duration of the defined benefit plan is 6.2~11.6 years.

7) Sensitivity analysis

The carrying amount of the Company and domestic subsidiaries' net defined benefit assets was \$8,465 as of December 31, 2022. When the employee's unpaid salary growth rate is changed by 1%, it is estimated that the accrued pension liabilities recognized by the Company and domestic subsidiaries would increase by \$1,830 or decrease by \$1,622, respectively.

(ii) Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company and domestic subsidiaries should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company and domestic subsidiaries contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were \$14,255 and \$11,712 for the years ended December 31, 2022 and 2021, respectively.

(18) Income tax

(i) Income tax expense

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 225,413	144,604
Adjustment for prior periods	<u>(1,420)</u>	<u>(9,631)</u>
	<u>223,993</u>	<u>134,973</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(20,397)</u>	<u>22,203</u>
Income tax expense	<u>\$ 203,596</u>	<u>157,176</u>

The amount of income tax expense (benefits) recognized in other comprehensive income were as follows:

	<u>2022</u>	<u>2021</u>
Exchange differences on translation of foreign financial statements	<u>\$ 4,381</u>	<u>(4,443)</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The reconciliation of income tax expenses and income before income tax were as follows:

	<u>2022</u>	<u>2021</u>
Income before income tax	\$ <u>733,696</u>	<u>605,596</u>
Income tax at the Company's domestic tax rate	146,739	121,119
Effect of different tax rates in foreign jurisdictions	2,454	4,916
Permanent difference and others	40,467	39,831
Undistributed earnings additional tax	9,415	941
Change in provision in prior periods	(1,420)	(9,631)
Amount of income basic tax more than general tax	<u>5,941</u>	<u>-</u>
Total	<u>\$ <u>203,596</u></u>	<u><u>157,176</u></u>

B. Recognized deferred tax assets and liabilities

<u>Deferred tax assets</u>	<u>January 1, 2021</u>	<u>Recognized in income statement</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2021</u>	<u>Recognized in income statement</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2022</u>
Exchange differences on translation of foreign financial statements	\$ 5,046	-	(4,443)	9,489	-	4,381	5,108
Inventory devaluation loss	20,632	7,092	-	13,540	(39,868)	-	53,408
Pension not actually contributed	1,734	(17)	-	1,751	(202)	-	1,953
Impairment loss	8,416	377	-	8,039	362	-	7,677
Others	<u>11,767</u>	<u>(8,535)</u>	<u>-</u>	<u>20,302</u>	<u>(7,599)</u>	<u>-</u>	<u>27,901</u>
	<u>\$ 47,595</u>	<u>(1,083)</u>	<u>(4,443)</u>	<u>53,121</u>	<u>(47,307)</u>	<u>(4,381)</u>	<u>96,047</u>

  

<u>Deferred tax liabilities</u>	<u>January 1, 2021</u>	<u>Recognized in income statement</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2021</u>	<u>Recognized in income statement</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2022</u>
Land Value Increment Tax	\$ 278,339	-	-	278,339	-	-	278,339
Investment income recognized under equity method	27,878	23,161	-	51,039	10,998	-	62,037
Others	<u>1,562</u>	<u>125</u>	<u>-</u>	<u>1,687</u>	<u>15,912</u>	<u>-</u>	<u>17,599</u>
	<u>\$ 307,779</u>	<u>23,286</u>	<u>-</u>	<u>331,065</u>	<u>26,910</u>	<u>-</u>	<u>357,975</u>

C. The Company's income tax returns for the years through 2020 were assessed by the tax authority.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(19) Capital and other equity

(i) Issuance and cancellation of ordinary shares

In the fourth quarter of 2021, the Company issued 4,000 thousand new shares for cash at a premium price of \$90 per share, totaling \$360,000. The difference between the denomination and the issuance price after deducting the issuance cost of \$1,000, amounted to \$319,000, which is listed as Capital surplus – premium, and the relevant statutory registration procedures have been completed.

In the fourth quarter of 2020, the Company’s Board of Directors resolved to issued 10,000 thousand new shares for cash at a premium price of \$50 per share, totaling \$500,000. The difference between the denomination and the issuance price after deducting the issuance cost of \$1,150, amounted to \$398,850, which is listed as Capital surplus – premium, and the relevant statutory registration procedures have been completed in 2021.

In 2021, the Company recognized the share-based cost of the above-mentioned cash capital increase reserved for employees to subscribe for shares amounting to \$19,085.

As of December 31, 2022 and 2021, the authorized capital of the Company both amounted to \$1,200,000; the issued capital both amounted to \$1,070,293. With par value at \$10 per share.

	<b>Ordinary Shares</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	105,604	91,004
Issued for cash	-	14,000
Transferred treasury shares	-	600
Balance at December 31	<b>105,604</b>	<b>105,604</b>

(ii) Capital surplus

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid-in capital	\$ 1,981,318	1,981,318
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries shareholdings	320,617	320,617
Treasury share transaction	171,324	89,643
Share options and others	200,156	194,089
	<b>\$ 2,673,415</b>	<b>2,585,667</b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary share or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital share and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total ordinary share outstanding.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iii) Retained earnings

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the transition date. The increase in retained earnings occurring before the transition date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to \$20,277. The net increase in retained earnings resulting from the first application of IFRS1 on the transition date was \$16,830. In accordance with rules issued by the FSC, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. There was no carrying and reversing in 2022 and 2021.

In accordance with the guidelines of the above Ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's articles of incorporation, in years of earnings, pay income tax, offset any accumulated deficit. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining earnings after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

As the Company is still in its growth stage, capital is needed to expand its production lines and to increase its investment in the coming years. Recently, the Company has been developing steadily based on its capital expenditure, business expansion, and appropriate financial planning. The Company will allot more than 10% of its distributable earnings above as dividends to its shareholders. However, if the distributable earnings are less than 30% of the paid-in capital, then no dividend shall be distributed. If the Company simultaneously distributes stock dividends and cash dividends, the cash dividends should not be less than 20% of the total dividend payout to its shareholders.

The following are the appropriation of earnings in last two years which were proposed by the Board of Directors on March 1, 2023 and approved during the shareholders' meeting held on May 27, 2022, respectively:

	2022		2021	
	Amount per share (TWD)	Total amount	Amount per share (TWD)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	3.0	\$ <u>316,813</u>	3.0	<u>316,813</u>

The appropriation of retained earnings for 2021 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2022 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

(iv) Treasury stock

The Company repurchased treasury shares, in accordance with the relevant provisions of the Securities and Exchange Law to transfer the shares to employees.

The relevant information is as follows:

Reason for holding shares	2022			Number of shares at the end of the period
	Number of shares at the beginning of the period	Increased in this period	Transferred in this period	
Transferred shares to employees	1,425	-	-	1,425

Reason for holding shares	2022			Number of shares at the end of the period
	Number of shares at the beginning of the period	Increased in this period	Transferred in this period	
Transferred shares to employees	2,025	-	600	1,425

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before the transfer. Shares of the Company held by its subsidiaries are accounted for as treasury shares, which are not allowed in participating in the Company's capital increase and without voting rights, except that, other right is the same as the general shareholders' rights.

In November 2021, the Company transferred treasury shares to the employees of the Company and the employees of the subsidiary company with 166 thousand shares and 434 thousand shares, respectively. The amount received for the aforesaid transfer was \$53,837. Therefore, the recognized share-based compensation cost was \$17,100.

Uranus Chemicals holds 1,213 thousand and 2,363 thousand ordinary shares of the Company, with the acquisition price of \$9,034 and \$17,595, respectively. As of December 31, 2022 and 2021, the amount of deemed treasury shares the Company recognized was \$5,776 and \$11,386, respectively, which was determined based on the Company's shareholding ratio in Uranus Chemicals of 63.94% and 64.71%, respectively.

Uranus Chemicals Co., Ltd. sold part of the Company's shares in 2022 and 2021, at a price totaling \$152,767 and \$91,782, respectively. Because the deal was deemed as the treasury stock transaction, according to the Company's shareholding ratio, the difference between the sale price and the cost of the treasury stock was adjusted to the capital surplus amounting to \$78,367 and \$70,101, respectively.

(20) Earnings per share

	<u>2022</u>	<u>2021</u>
Basic earnings per share:		
Net income attributable to ordinary shareholders of the company	\$ <u>493,160</u>	<u>462,930</u>
Ordinary shares at January 1	107,029	93,029
Repurchase treasury shares	(1,425)	(1,953)
Shares held by subsidiaries	(1,213)	(1,797)
Issued for cash	<u>-</u>	<u>9,858</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	<u>104,391</u>	<u>99,137</u>
Basic earnings per share (TWD)	\$ <u>4.72</u>	<u>4.67</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	2022	2021
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (basic)	\$ 493,160	462,930
Interest expense on convertible bonds, net of tax	3,530	626
Net income attributable to ordinary shareholders of the Company (diluted)	\$ 496,690	463,556
Weighted average number of ordinary shares outstanding (in thousands) (basic)	104,391	99,137
Potential ordinary shares with dilutive effect:		
Effect of employee remuneration in share	124	73
Effect of conversion of convertible bonds	6,598	1,149
Weighted average number of ordinary shares outstanding (in thousands) (diluted)	\$ 111,113	100,359
Diluted earnings per share (TWD)	\$ 4.47	4.62

(21) Revenue from contracts with customers

Revenue from major markets region and products:

	2022					
	Oxidation catalyst department	Battery material department	Chemical fertilizer department	Specialty chemical department	Other	Total
Taiwan	\$ 900,636	5,367,867	398,006	1,540,773	230,788	8,438,070
China and other	549,299	-	-	4,887	89,365	643,551
	\$ 1,449,935	5,367,867	398,006	1,545,660	320,153	9,081,621
	2021					
	Oxidation catalyst department	Battery material department	Chemical fertilizer department	Specialty chemical department	Other	Total
Taiwan	\$ 608,814	4,317,623	581,524	1,047,542	170,152	6,725,655
China and other	548,455	3,423	-	1,571	59,679	613,128
	\$ 1,157,269	4,321,046	581,524	1,049,113	229,831	7,338,783

(22) Remuneration to employees, directors and supervisors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1.5% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors and supervisors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$10,500 and \$8,800, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees, multiplied by the distribution of ratio of the remuneration to employees based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share, the number of shares to be distributed shall be calculated using the stock price on the day before the shareholders' meeting.

For the year ended December 31, 2021, the Company estimated its employee remuneration and director's remuneration at \$8,800 and \$0 , respectively. There were no differences between the estimated and the actual amounts of employee and directors' remuneration. Related information would be available at the Market Observation Post System website.

(23) Non-operating income and expenses

(i) Other gains and losses, net

	<u>2022</u>	<u>2021</u>
Claim income	\$ -	503
Rental income	7,563	9,606
Dividend income	8,675	8,622
Other	2,112	4,820
	<u>\$ 18,350</u>	<u>23,551</u>

(ii) Other gains and losses, net

	<u>2022</u>	<u>2021</u>
Loss on disposal of property, plant and equipment	\$ (530)	(72)
Disposal of investment interests	-	73,675
Loss on valuation of financial assets and liabilities at FVTPL	53,787	(5,052)
Impairment loss on property, plant and equipment (note 6(10))	-	(46,985)
Other	(2,066)	(3,164)
	<u>\$ 51,191</u>	<u>18,402</u>

(iii) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense – borrowings	\$ 45,734	23,341
Interest expense – lease liabilities	177	246
Interest expense – convertible bonds payable	4,412	783
	<u>\$ 50,323</u>	<u>24,370</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iv) Interest income

	<b>2022</b>	<b>2021</b>
Interest income from bank deposits	\$ 10,959	1,220
Other interest income	17	17
	<b>\$ 10,976</b>	<b>1,237</b>

(24) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

2) Concentration of credit risk

The customers of the Group are concentrated on customer base of oxidation catalyst, power battery materials, chemical fertilizers and special chemicals. The Group limits its exposure to credit risk from accounts receivables by continuously evaluates the debt collectability and provides adequate reserves for loss allowance, if necessary. As of December 31, 2022 and 2021, there were 5 and 3 major customers, which represented 51% and 50% of the accounts receivable, respectively. Thus, credit risk is significantly concentrated.

3) Credit risk of receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(4). Other financial assets at amortized cost include other receivables from related parties and other financial assets. There are no impairment losses recognized for the years ended December 31, 2022 and 2021.

All of these financial assets are considered to have low risk, and thus, the loss allowance recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, (including interest payments):

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>Above 2 years</u>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Deposit received	\$ 107	107	-	-	-	107
Short-term borrowings	2,247,855	2,261,960	2,261,960	-	-	-
Notes and accounts payable	73,653	73,653	73,653	-	-	-
Other payable	100,628	100,628	100,628	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	1,125,161	1,161,214	57,153	57,017	137,353	909,691
Lease liabilities (including current and non-current)	12,805	13,430	1,896	1,572	2,741	7,221
Convertible bonds payable	682,940	700,000	-	-	-	700,000
	<u>\$ 4,243,149</u>	<u>4,310,992</u>	<u>2,495,290</u>	<u>58,589</u>	<u>140,094</u>	<u>1,617,019</u>
	<u>Book value</u>	<u>Cash flow of contract</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Deposit received	\$ 107	107	-	-	-	107
Short-term notes and bills payable	80,000	80,000	80,000	-	-	-
Short-term borrowings	1,906,362	1,912,849	1,757,104	155,745	-	-
Notes and accounts payable	131,624	131,624	131,624	-	-	-
Other payables	76,255	76,255	76,255	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	1,157,452	1,184,133	11,153	55,605	110,947	1,006,428
Lease liabilities (including current and non-current)	17,789	18,590	2,924	2,240	3,466	9,960
Convertible bonds payable	678,528	700,000	-	-	-	700,000
	<u>\$ 4,048,117</u>	<u>4,103,558</u>	<u>2,059,060</u>	<u>213,590</u>	<u>114,413</u>	<u>1,716,495</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's financial assets and liabilities exposed to exchange rate risk were as follows:

	<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 72,860	30.71	2,237,531
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	33,442	30.71	1,027,004

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	December 31, 2021		
	Foreign currency	Exchange rate	TWD
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	\$ 77,055	27.68	2,132,887
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	46,938	27.68	1,299,254

2) Sensitivity analysis

The Group's exposure to foreign current risk arises from the translation of cash and cash equivalents, receivables, short-term borrowing, accounts payable, and other payables, that are denominated in USD. Assuming all other variable factors remain constant, a strengthening (weakening) of \$1 of the TWD against USD as of December 31, 2022 and 2021, would have increased (decreased) the net income \$31,534 and \$24,094, respectively.

3) Exchange gains and losses of monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign exchange gains (losses) on monetary items amounted to \$120,667 and \$2,403 for the years ended December 31, 2022 and 2021, respectively.

(iv) Interest rate analysis

The Group's interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables remain constant) would have influenced the comprehensive income for the years ended December 31, 2022 and 2021, as illustrated below:

	<u>Range of the fluctuations</u>	<u>2022</u>	<u>2021</u>
Annual interest rate	Increase of 1%	\$ <u>(26,984)</u>	<u>(24,511)</u>
	Decrease of 1%	\$ <u>26,984</u>	<u>24,511</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	<b>December 31, 2022</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at FVTPL	\$ <b>51,655</b>	<b>51,655</b>	-	-	<b>51,655</b>
Financial liabilities at FVTPL	\$ <b>2,482</b>	-	<b>2,482</b>	-	<b>2,482</b>
Financial assets at FVOCI	\$ <b>3,369</b>	-	-	<b>3,369</b>	<b>3,369</b>
Convertible bonds payable	\$ <b>682,940</b>	<b>812,000</b>	-	-	<b>812,000</b>
	<b>December 31, 2021</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at FVTPL	\$ <b>6,408</b>	-	<b>6,408</b>	-	<b>6,408</b>
Financial assets at FVOCI	\$ <b>37,000</b>	-	-	<b>37,000</b>	<b>37,000</b>
Convertible bonds payable	\$ <b>678,528</b>	<b>1,060,500</b>	-	-	<b>1,060,500</b>

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets and financial liabilities measured at amortized cost. If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments that are measured at fair value

The right-of-call or put option that embedded in derivative is measured by using the appropriate option pricing models.

There is no transfer between the levels for the years ended December 31, 2022 and 2021.



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

4) Quantitative information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI (equity instrument investments). Quantitative information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at FVOCI ( equity instrument investments without an active market)	Market approach	<ul style="list-style-type: none"> <li>· Net worth ratio multiplier (December 31, 2021 was 1.59)</li> <li>· Liquidity discount (December 31, 2021 was 30%)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the net worth ratio multiplier, the higher fair value.</li> <li>· The higher of liquidity discount, the lower fair value.</li> </ul>
Financial assets at FVOCI ( equity instrument investments without an active market)	Asset-based approach	<ul style="list-style-type: none"> <li>· Net asset</li> <li>· Liquidity discount (December 31, 2022 and December 31, 2021 were both 30%)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the net asset ratio multiplier, the higher fair value.</li> <li>· The higher of liquidity discount, the lower fair value.</li> </ul>

5) Reconciliation of Level 3 fair values

	<u>Equity instrument investment at FVOCI</u>
January 1, 2022	\$ 37,000
Recognize through other comprehensive income	(7,756)
Receive capital liquidation	(25,875)
December 31, 2022	<u>\$ 3,369</u>
January 1, 2021	\$ 49,203
Recognize through other comprehensive income	(12,203)
December 31, 2021	<u>\$ 37,000</u>

The above-mentioned total gains or loss included “unrealized gains and losses from equity instrument investments measured at FVOCI gains and losses”.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(25) Financial risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and process for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The financial management department provides services for each business, coordinating access to domestic and international financial markets operations, monitors and manages the financial risks associated with the operations of the Group by analyzing the internal risk report on risk based on the degree and extent of the risk. The risk including credit risk, liquidity risk and market risk. The market risk which including currency risk, interest rate risk, and other market price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group deposits its cash and cash equivalents with reputable banks; thus, the credit risk is low.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk by establishing a dedicated team that is responsible for customer's credit assessment and approval, limit and monitoring procedures. This is to ensure that appropriate actions are taken for the recoverability of overdue receivables. In addition, the Group will review the recoverable amount of the receivables individually at each reporting date so that impairment losses are appropriately provided for those irrecoverable receivables.

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. There is no endorsement guarantee to entity other than subsidiary on December 31, 2022 and 2021.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the USD.

Interest in borrowing is denominated with the same currency of borrowing principal. Generally, the denominated currency of borrowing is the same with the Group's cash flow generated from operation, primarily in TWD, but also USD. Under these circumstances, the natural economic hedge exists without using derivative instrument.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's short-term and long-term borrowings are carried in variable interest rates. Therefore, the fluctuation of market rate will make the effective interest rate of short-term and long-term borrowings changed accordingly which resulted fluctuation in future cash flows.

(26) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder's value.

The Group's industry is volatile, capital and technology-intensive industries, and the Group's life cycle is in a stable growth stage of operation. The remaining dividend policy must be adopted at this stage with funds to retain the surplus in response to operational growth and investment needs. The cash dividend distributed by the shareholder bonus shall not be less than 20% of the total distribution.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The top management of the Group re-examines the capital structure every six months, and its review includes consideration of the cost of each category of capital and related risks. Based on the recommendations of the top management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

As of December 31, 2022, the way in which the Group's capital management was managed has not changed.

The debt-to-equity ratio at the reporting date is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 5,392,263	4,738,862
Less: cash and cash equivalents	<u>(3,071,740)</u>	<u>(1,882,198)</u>
Net debt	<u>\$ 2,320,523</u>	<u>2,856,664</u>
Total equity	<u>\$ 5,912,347</u>	<u>5,466,591</u>
Debt-to-equity ratio	<u>39.25%</u>	<u>52.26%</u>

(27) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2022</u>
			<u>Additions</u>	<u>Foreign exchange movement and others</u>	
Deposit received	\$ <u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>
Short-term notes and bills payable	\$ <u>80,000</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Short-term borrowings	\$ <u>1,906,362</u>	<u>344,481</u>	<u>-</u>	<u>(2,988)</u>	<u>2,247,855</u>
Long-term borrowing (including current portion of long-term borrowings)	\$ <u>1,157,452</u>	<u>(32,291)</u>	<u>-</u>	<u>-</u>	<u>1,125,161</u>
Lease liabilities (including current and non-current)	\$ <u>17,789</u>	<u>(4,990)</u>	<u>-</u>	<u>6</u>	<u>12,805</u>
Convertible bonds payable	\$ <u>678,528</u>	<u>-</u>	<u>-</u>	<u>4,412</u>	<u>682,940</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Additions	Foreign exchange movement and others	
Deposit received	\$ <u>1,307</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>107</u>
Short-term notes and bills payable	\$ <u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Short-term borrowings	\$ <u>1,538,966</u>	<u>375,898</u>	<u>-</u>	<u>(8,502)</u>	<u>1,906,362</u>
Long-term borrowings (including current portion)	\$ <u>864,622</u>	<u>292,830</u>	<u>-</u>	<u>-</u>	<u>1,157,452</u>
Lease liabilities (including current and non-current)	\$ <u>17,926</u>	<u>(6,196)</u>	<u>7,871</u>	<u>(1,812)</u>	<u>17,789</u>
Convertible bonds payable	\$ <u>-</u>	<u>808,056</u>	<u>-</u>	<u>(129,528)</u>	<u>678,528</u>

**7. Related-party transactions**

- (1) Transactions with key management personnel

Key management personnel remuneration comprised:

	2022	2021
Short-term employee benefits	\$ 36,139	26,201
Post-employment benefits	<u>265</u>	<u>372</u>
	<u>\$ 36,404</u>	<u>26,573</u>

**8. Pledged assets**

Except for note 6(12), the carrying amount of the Group's pledged assets are as follows:

Assets	Purpose of pledge	December 31, 2022	December 31, 2021
Land	Long- and short-term borrowings and obtaining credit limit for short-term borrowings	\$ 1,340,105	1,340,105
Buildings	Long- and short-term borrowings and obtaining credit limit for short-term borrowings	356,190	170,115
Machinery and Equipment	Long- and short-term borrowings	207,849	265,673
Time deposits (recorded in other financial assets – non-current)	Long-term borrowings	1,840	1,840
Time deposits (recorded in other financial assets – non-current)	Guarantee deposit of natural gas	1,500	1,500
Restricted deposit (recorded in other financial assets – non-current)	Create a pledge of convertible bonds payable	100,000	100,000
		<u>\$ 2,007,484</u>	<u>1,879,233</u>

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**9. Commitments and contingencies**

Except for the note 6(13), the remaining statements were as follow:

- (1) As of December 31, 2022 and 2021, the Group had acquired property, plant and equipment, with the remaining commitments of \$142,319 and \$163,645, respectively.
- (2) As of December 31, 2022 and 2021, the subsidiary, Coremax (BVI) Corporation, had applied for a borrowing facility with an amount of USD3,000 (equivalent to \$92,130 and \$83,040, respectively) from a bank, in which the Company holds the responsibility as its joint guarantor.
- (3) As of December 31, 2022 and 2021, Uranus Chemical applied for a financing amount from a bank, with the Company serving as the joint guarantor for the endorsement/guarantee amounting to \$100,000 and \$200,000, respectively.
- (4) As of December 31, 2022 and 2021, the Company's opened and unused letters of credit amounted to \$8,752 and \$0, respectively.

**10. Losses Due to Major Disasters: None**

**11. Subsequent Events: None**

**12. Other**

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	2022			2021		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
<b>By item</b>						
Employee benefits						
Salaries	331,512	173,599	505,111	223,854	136,706	360,560
Labor and health insurance	23,727	13,434	37,161	21,937	10,498	32,435
Pension	10,037	4,345	14,382	8,475	3,497	11,972
Others	18,125	8,508	26,633	15,060	6,235	21,295
Depreciation	260,481	28,391	288,872	266,946	22,597	289,543

**13. Other disclosures**

- (1) Information on significant transactions:

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

- (i) Loans to other parties: Please refer to Table 1.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
  - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
  - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
  - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 4.
  - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
  - (ix) Trading in derivative instruments: Please refer to note 6(2).
  - (x) Business relationships and significant intercompany transactions: Please refer to Table 5.
- (2) Information on investees: Please refer to Table 6.
- (3) Information on investment in mainland China:
- (i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 7(1).
  - (ii) Limitation on investment in Mainland China: Please refer to Table 7(2).
  - (iii) Significant transactions:  
 The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.
- (d) Major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares	Percentage
CHANG XING INVESTMENT CO., LTD		13,691,032	12.79 %
CHEH JADE ENTERPRISE CO., LTD		13,233,929	12.36 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

**14. Segment information**

(1) General information and industrial information

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

The Group did not allocate the head office management expenses, income tax expenses and non-recurring gains and losses to respective reportable segments. The amount presented is consistent with the report used by the chief operating decision maker. The accounting policies of the operating segments are consistent with the summary of the significant accounting policies described in note 4.

	<b>2022</b>						
	<u>Oxidation catalyst department</u>	<u>Battery material department</u>	<u>Chemical fertilizer department</u>	<u>Specialty chemical department</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
External revenue	\$ 1,449,935	5,367,867	398,006	1,545,660	320,153	-	9,081,621
Inter-segment revenue	1,460	139,590	-	22,307	452,473	(615,830)	-
Segment revenue	<u>\$ 1,451,395</u>	<u>5,507,457</u>	<u>398,006</u>	<u>1,567,967</u>	<u>772,626</u>	<u>(615,830)</u>	<u>9,081,621</u>
Segment operating income							<u>\$ 1,024,526</u>
	<b>2021</b>						
	<u>Oxidation catalyst department</u>	<u>Battery material department</u>	<u>Chemical fertilizer department</u>	<u>Specialty chemical department</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
External revenue	\$ 1,157,269	4,321,046	581,524	1,049,113	229,831	-	7,338,783
Inter-segment revenue	879	41,524	-	25,942	640,655	(709,000)	-
Segment revenue	<u>\$ 1,158,148</u>	<u>4,362,570</u>	<u>581,524</u>	<u>1,075,055</u>	<u>870,486</u>	<u>(709,000)</u>	<u>7,338,783</u>
Segment operating income							<u>\$ 943,365</u>



**Coremax Corporation and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(2) Information by product and service

Revenue from external customers:

	<u>2022</u>	<u>2021</u>
Battery materials	\$ 5,367,867	4,321,046
Oxidation catalysts	1,449,935	1,157,269
Chemical fertilizers	398,006	581,524
Specialty chemicals	1,545,660	1,049,113
Others	<u>320,153</u>	<u>229,831</u>
	<u>\$ 9,081,621</u>	<u>7,338,783</u>

(3) Geographic information

In presenting information on the basis of geography, segment revenue is recognized based on the location of the customer and non-current assets are recognized based on the location of the asset.

A. Revenue from external customers:

<u>Area</u>	<u>2022</u>	<u>2021</u>
Taiwan	\$ 8,438,070	6,725,655
China and other	<u>643,551</u>	<u>613,128</u>
	<u>\$ 9,081,621</u>	<u>7,338,783</u>

B. Non-current assets (note):

<u>Area</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 4,350,403	4,078,820
China and other	<u>191,179</u>	<u>193,844</u>
	<u>\$ 4,541,582</u>	<u>4,272,664</u>

Note: It includes property, plant and equipment, right-of-use assets, prepayment for purchase equipment and so on.

(4) Information on major customers:

For the years ended December 31, 2022 and 2021, the revenue generated from customers with 5% or more of the Group's revenue were \$5,310,053 and \$4,081,724, respectively.

## Coremax Corporation and Subsidiaries

### Loans to other parties

**For the year ended December 31, 2022**

Table 1

(Amounts in Thousands)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 5)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad deb	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 1)
													Item	Value		
1	COREMAX (BVI) CORPORATION	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	25,772	24,568	-	4%	2	-	Operating demand	-	None	-	130,993	196,490
1	COREMAX (BVI) CORPORATION	Coremax (Thailand) Co., Ltd.	Other receivables	Yes	77,225	76,775	16,891	4%~5.5%	2	-	Operating demand	-	None	-	130,993	196,490
1	COREMAX (BVI) CORPORATION	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	32,215	30,710	-	4%	2	-	Operating demand	-	None	-	130,993	196,490
2	Coremax Ningbo Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	18,024	17,632	-	4%	2	-	Operating demand	-	None	-	34,694	52,041
3	Jiangxi Tianjiang Materials Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	11,265	11,020	11,020	4%	2	-	Operating demand	-	None	-	12,905 (Note 4)	16,131 (Note 4)
4	Coremax (Zhangzhou) Chemical co., Ltd.	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	18,024	17,632	-	4%	2	-	Operating demand	-	None	-	57,657	86,486

Note 1: The number denote the following :

(1)The issue is number 0

(2)Interest are listed in accordance with names and sequential order starting with 1.

Note2: Limit of total financing amount shall not exceed 30% of latest financial statements of the lender's capital.

Note3: Limit of financing amount for individual counter-party shall not exceed 20% of the latest financial statements of the lender's capital.

Note4: Limit of total financing amount shall not exceed 100% of latest financial statements of the lender's capital. Limit of financing amount for individual counter-party shall not exceed 80% of the latest financial statements of the lender's capital.

Note5: (1) Parties which have business relationship with the Company

(2) The need for short-term financing

**Coremax Corporation and Subsidiaries**  
**Guarantees and endorsements for other parties**  
**For the year ended December 31, 2022**

Table 2

(Amounts in Thousands)

No.	Name of guarantor company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The company	Coremax (BVI) Corporation	2	999,659	96,645	92,130	-	-	1.84 %	2,499,148	Y	N	N
0	The company	Uranus Chemicals	2	999,659	200,000	100,000	-	-	2.00 %	2,499,148	Y	N	N

Note 1: The numbers denote the following:

(1) The issuer is number 0.

(2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: The relation between guarantor and guaranteee and their endorsement should be disclosed as one of the following:

(1) An entity that is with business relationship.

(2) Subsidiary which owned more than 50 percent by the guarantor.

(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.

(4) An investee owned more than 90 percent by the guarantor or its subsidiary.

(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.

(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of latest financial statements of the Company's net worth audited.

Note 4: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 20% of latest financial statements of the Company's net worth audited.

**Coremax Corporation and Subsidiaries**

**Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures)**

**December 31, 2022**

Table 3

(Shares in Thousands /Amounts in Thousands)

Name of holder	Category and name of security	Relationship with company	Account title	Shares (thousands)	Ending balance		Highest percentage of ownership (%)	Note
					Carrying value	Percentage of ownership		
Hengi Chemical	ORGCHEM TECHNOLOGIES, INC.	None	Non-current financial assets at fair value through other comprehensive income	2,873	-	5.00 %	5.00 %	Note 1
Uranus Chemicals Co., Ltd.	HISINCHU GOLF COUNTRY CLUB Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	3	3,369	-	-	

Note 1: ORGCHEM TECHNOLOGIES, INC. has started liquidation process from January, 2022; the Company has received \$25,875 thousands of capital liquidation payments until December 31, 2022, and the remaining carrying value of the investment has been adjusted to zero.

**Coremax Corporation and Subsidiaries**

**Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock**

**For the year ended December 31, 2022**

Table 4 (Amounts in Thousands)

Name of company	Related party	Nature of relationship	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)	Percentage of total notes/accounts receivable (payable)	Note	
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price				Payment terms
The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(203,575)	(2.67)%	100% T/T 180 days since arrival	-	Not significantly different	41,186	9.44 %	Note
The Company	Uranus Chemicals Co., Ltd.	63.94% owned subsidiary of the parent company	Purchase	155,959	2.43 %	Net 67 days from the end of the month of when invoice is issued	-	Not significantly different	(43,763)	(50.09)%	Note
The Company	Coremax Ningbo Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(122,783)	(1.61)%	100% T/T 150 days since arrival	-	Not significantly different	61,997	14.21 %	Note

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

**Coremax Corporation and Subsidiaries**  
**Business relationships and significant intercompany transactions**

**For the year ended December 31, 2022**

(In Thousands of New Taiwan Dollars)

Table 5

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	The parent company to the subsidiary.	Sales	203,575	Net 180 days after delivery	2.24 %
0	The Company	Coremax Ningbo Chemical Co., Ltd.	The parent company to the subsidiary.	Sales	122,783	Net 180 days after delivery	1.35 %
0	The Company	Uranus Chemicals Co., Ltd.	The parent company to the subsidiary.	Purchase	155,959	Net 67 days from the end of the month	1.72 %

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:

- (1) Parent company to its subsidiaries.
- (2) Subsidiaries to the parent company.
- (3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:

- (1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
- (2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The amount of significant transaction should exceed 1 percent of the consolidated operating revenue or total assets.

**Coremax Corporation and Subsidiaries**  
**Information on Investees (Excluding Information on Investees in Mainland China)**  
**For the year ended December 31, 2022**

Table 6 (Shares in Thousands /Amount in Thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022		Highest percentage of ownership during the year (%)	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership				
The Company	COREMAX (BVI) CORPORATION	British Virgin Islands	Investment company	302,406	302,406	9,658	100 %	654,965	54,994	54,994	Note
The Company	Hengi Chemical Co., Ltd.	Taiwan	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	1,143,369	1,143,369	41,058	82.44 %	1,527,591	109,548	90,104	Note
The Company	Uranus Chemicals Co., Ltd.	Taiwan	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	824,736	710,758	39,804	63.94 %	1,065,061	(46,964)	16,334	Note
COREMAX (BVI) CORPORATION	COREMAX (THAILAND) CO., LTD.	Thailand	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	67,047	67,047	70	100 %	80,905	14,440	14,440	Note

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

**Coremax Corporation and Subsidiaries**  
**Information on Investment in Mainland China**  
**For the year ended December 31, 2022**

Table 7

(Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership during the year	Investment income (losses) (Notes 4, 6)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Coremax Zhuhai Chemical Co., Ltd.	Production and sales of oxidation catalysts, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbents and cobalt compound series products.	38,775 (USD1,150)	Investment in China through investment companies in the third regions.	38,775 (USD1,150)	-	-	38,775 (USD1,150)	- (Note 3)	-%	-	-	- (Note 3)	-
Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	98,482 (USD3,000)	Investment in China through investment companies in the third regions (note 1)	81,240 (USD2,470)	-	-	81,240 (USD2,470)	(262)	100.00%	100%	(262) (USD99)	173,469	-
Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of cobalt compound series products, and regeneration treatment of cobalt compound series products.	185,654 (USD6,280)	Investment in China through investment companies in the third regions (note 2)	148,795 (USD4,988)	-	-	148,795 (USD4,988)	38,177	100.00%	100%	38,177 (USD1,281)	288,287	-
Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	43,947 (USD1,350)	Investment in Mainland China	43,947 (USD1,350)	-	-	43,947 (USD1,350)	(407)	100.00%	100%	(407)	16,131	-



(2) Limitation on investment in Mainland China

Cumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
312,757 (USD 9,958 )	438,769 (USD 14,288 )	2,998,978

Note 1: The paid-up capital amount is NTD \$98,482.0 (USD3,000.0 thousand), which included the cash remitted by the Company through its subsidiary, COREMAX (BVI) CORPORATION amounting to NTD 81,24081.240 (USD2,470 thousand) and surplus from COREMAX (BVI) CORPORATION amounting to NTD17,242 (USD530 thousand).

Note 2: The paid up capital amount is NTD185,654 (USD6,280 thousand), which included the cash remitted by the Company through its subsidiary, COREMAX (BVI) CORPORATION, amounting to NTD124,097 (USD4,200 thousand), surplus from COREMAX (BVI) CORPORATION amounting to NTD6,055 (USD200 thousand), Coremax (BVI) Corporation acquired of shares from other external shareholders amounting to NTD24,698 (USD788 thousand) in obtaining paid up capital of NTD21,890 (USD750 thousand), cash remitted by Coremax Zhuhai Chemical Co., Ltd. is amounting to NTD20,720 (USD700 thousand), and cash remitted by Coremax Ningbo Chemical Co., Ltd. Is amounting to NTD12,892 (USD430 thousand).

Note 3: Coremax Zhuhai Chemical Co., Ltd., an indirectly invested subsidiary by the Company, has been sold to the third party in July 2021. In September 2021, the Company obtained the approval of the Investment Commission, MOEA to transfer the stocks. However, the transfer amount is repatriated to the subsidiary COREMAX (BVI) CORPORATION, instead of the Company. The Company's cumulative investment of NTD38,775 (USD1,150 thousand) still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 4: Amount was recognized based on the audited financial statement.

Note 5: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not exceeding the investment amount or percentage limit.

Note 6: The relevant transactions and ending balance are eliminated in consolidated financial statement.