Stock Code：1735

日勝化工股份有限公司

EVERMORE CHEMICAL INDUSTRY CO., LTD.

ANNUAL REPORT 2022

The date of publication: May 10, 2023

search website：http://mops.twse.com.tw
http://www.twemc.com/

I. The Company's Spokesman

Name: Wu Pao Hua
Job Title: Director
Tel. No.: (049)2263551
Email: baohua@twemc.com.tw

Deputy Spokesman

Name: Ho Han Jen
Job Title: Factory Manager
Tel. No.: (049)2263551
Email: felix.ho@twemc.com.tw

II. Address and Tel. No. of the Company and factories

head office : No.7, Gongye S. 2nd Rd., Nangang Industrial Park, Nantou City, Nantou County

Tel. No.: (049)2255356-7

Nantou Factory: No.7, Gongye S. 2nd Rd., Nangang Industrial Park, Nantou City, Nantou County

Tel. No.: (049)2255356-7

Dayuan Factory：No. 31, Dagong Road, Dayuan District, Taoyuan City

Tel. No.: (03)3868956

III. Shares Administration Agency

Name: KGI Securities, Stock Administration Dept.

Address: 5F, No. 2, Chong Qing S. Rd., Taipei City

Tel. No.: (02)23892999

Website: http://www.kgieworld.com.tw/

IV. CPAs certifying the latest annual financial statements

CPAs: Tai, Hsin Wei and Su Ding Jian

Firm Name: Deloitte & Touche

Address: 22nd Floor, No. 88, Section 1, Huizhong Road, Xitun District, Taichung City 40756

Tel. No.: (04)37059988

Website: http://www.deloitte.com.tw/

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. The Company's website: http://www.twemc.com/

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One. Letter to Shareholders

I. Operating Results for 2022

(I) Results of Business Plans

The Company's consolidated net revenue for 2022 is NTD2,957,191 thousand. Consolidated net profit after tax was NTD35,210 thousand and consolidated basic earnings per share after tax was NTD0.35 per share. Please refer to the table below.

In 2022, the negative factors emerging in 2021 remained as to the entire economic condition. Given the regional war factor, such as Russia-Ukraine War, in addition to the COVID-19 epidemic, the entire economic activities still didn't recover. Though the crude oil price declined, the other costs and transportation price increased due to the inflation. The declining sales volume and selling price in 2022 resulted in the entire operating revenue decline by 7.62% from 2021, thus generating operating losses. Meanwhile, the USA adopted the lift rate policy in order to suppress the inflation domestically, resulting in the appreciation of USD. Therefore, the Company generated larger exchange gains in 2022. In terms of overall results, the gross profit in 2022 decreased by 10.89% compared to 2021. Net profit after tax increased from 2021.

Business performance: Unit: NTD thousand

Item	2022	2021	Growth Rate
Operating Revenue	2,957,191	3,201,106	-7.62%
Operating gains (loss)	(3,293)	31,289	-110.52%
Net profits before tax	43,222	6,408	574.50%
Profit after tax	35,210	10,057	250.10%

(II) Budget Implementation

The Company has not disclosed the financial forecasts for the year of 2022.

(III) Financial Revenue and Expenditure

As of December 31, 2022, total assets were NTD3,388,842 thousand, total liabilities were NTD1,893,343 thousand, debt ratio was 55.87%, and current ratio was 117.92%.

(IV) Analysis of Profitability

Item	2022	2021
Return on assets (%)	1.59	0.69
Return on equity (%)	2.40	0.68
Income before tax/paid-in capital (%)	4.34	0.64
Net profit margin (%)	1.19	0.31
Earnings per share (NT$)	0.35	0.10

(V) Status of Research and Development

1. R & D expenses spent in this year:

Item	2022
Amount (NT$ 1,000)	71,174
Proportion to operating revenue (%)	2.41%

2. The technologies or products developed successfully:

A. Sports industry:

i. Supercritical nitrogen foamed thermoplastic polyurethane material for shoes.
ii. Supercritical nitrogen foamed thermoplastic polyurethane material for bicycles.
iii. Polyurethane midsole materials for sports shoes developed based on raw materials derived by carbon capture technology
iv. Polyurethane insole materials for footwear developed based on raw materials derived by carbon capture technology

B. Construction industry:

i. Glass fiber reinforced resin surface treatment agent for construction work
ii. Floor waterproof coatings with low toxicity and low hazard to health

iii. Ultra-low TVOC-grade polyurethane hot melt adhesive for woodworking
iv. High weather-resistant structural adhesives and sealants

C. Automotive industry:
i. Low-free bridging agent for high-physical non-yellowing automotive refinishing paint.

D. Green materials:
i. Water-based polyurethane ink for footwear
ii. Wet polyurethane materials developed based on raw materials derived by carbon capture technology
iii. Polyurethane coating materials for textiles renewed by recycling of the PET raw materials
iv. Reactive hot melt adhesive for bonding of waterproof and breathable textiles renewed by recycling of the PET raw materials
v. Eco-friendly polyurethane biomass binding agent for wooden walkways

E. High-value added materials:
i. Thermoplastic polyurethane extrusion pipe with high-temperature dimensional stability
ii. Bridging agent for semiconductor-grade electronic tape
iii. High purity light curing acrylate monomer
iv. Special light curing acrylate monomer

II. Summary of Annual Business Plan for 2023

(I) Business Policies

1. In terms of core technology, we focus on polyurethane resins, functional acrylic monomers, oligomers, UV-curable resins, and the development and application of bridging agents and additives for coatings.
2. In terms of the application of products in the downstream industry, continuous attention should be paid to sports and leisure sectors, including the demand for functional materials in sports shoes, clothes, bags, equipment, outdoor activities, etc.; the Company plans to integrate upstream development and marketing with downstream development and marketing, and broaden cooperation with international brands; continue to expand the application of traditional woodware to 3C photoelectric coatings, the application of PU resin in construction, electronics and automotive-related industry to explore niche-type industries.
3. In the product development section, and in addition to functional requirements, we continue to develop green and environmentally friendly materials in line with modern trends. This includes one solvent-free liquid for textile coating lamination, two-component PU, thermoplastic PU, water-based PU, low-energy UV-curable acrylic resins, and so on, in hopes of contributing to a green Earth.
4. In response to the 2050 zero-net GHG target under the Paris Agreement, the Company focuses on development and promotion of recyclable, bio-based and sustainable and carbon-reduction products.
5. For integration of the Group’s resources, the Company exercises the consolidated effect strategies among various subsidiaries to maximize the effect of production, marketing and research complementing each other, and also combines the strategies of AICA and other subsidiaries to deepen the consolidated effects, by reproducing the successful case in reactive hot melt adhesive to other products, e.g. co-development and marketing of the fields including industrial film materials.
6. Focus on the development in the Southeast Asia market, especially the shoes materials market in Vietnam and ink market in Thailand.
7. Strengthen the competitive advantage in the UV hardening coatings market and continue the investment in the production and sales of UV paper glazing coatings and functional oligomers, in order to further expand the Group's integration and synergy in UV and increase the Group’s business scale.
8. Improve the development of the TPU market to increase production volume and maximize the market share.

(II) Expected Sales Volume and Its Basis

Unit: MT

Type of Products	PU resin	PE resin	Other products
Quantity	30,271	5,097	2,039

The above-mentioned expected quantities are based on the annual sales in 2022, in reference to the estimate of the overall economic situation for 2023.

(III) Significant Policies for Production and Sales

1. Continue to stabilize the quality of products, meet customer requirements, and improve customer loyalty.
2. To quickly respond to the customer's demand for special specifications of products and capture the market as

soon as possible.

3. To strengthen the development of new products and customers, and take the initiative to pay close attention to the market.
4. Improve the consolidated effect of the subsidiaries in various territories and also maximize the consolidated effect of AICA.

III. The Company's development strategies in the future will be influenced by the external competitive environment, regulatory environment and overall business environment:

(I) The Company's Development Strategies in the Future

- To strengthen the function of the Group: Set up the general manager's office, integrate the executive functions of the Group, and the operational affairs of each business unit, enhance the functional level of the Group, and integrate and make full use of internal resources to maximize the value of the consolidate effects produced by various subsidiaries.
- To enhance the ability of the dedicated teams to take charge: keep the group's finance, marketing, R&D and supply chain functioned as the group’s management center, with each department focused on the operation and management of specific areas, so that they are responsible for their respective goals and strategies, and create profits.
- To continuously review and focus on core competencies: Carry out internal evaluation of the value and scalability of core competencies, and innovate products and sustain core capabilities by exerting the existing capabilities of marketing and R&D.
- To build a service-oriented business model: The key to the future business strategy of EVERMORE CHEMICAL is re-examining the characteristics of the existing industrial value chains with innovative thinking and vision, finding new niche, creating differentiated value, and developing the service-oriented corporate culture of T2.5 generation manufacturing.
- Beginning with the end: Start with meeting the needs of the terminal industry and the market based on the core capabilities of precision chemistry and materials technology, and deeply explore and focus on the niche market. Looking ahead, we will focus on the overall solution in the year, by going beyond the original product application market, integrating the existing technologies of products with innovative thinking, providing customers with higher added value and developing innovative production process that keeps up with the green trends of carbon reduction and low pollution in the future.
- To improve production technology, product quality, yield rate and other related production processes through the cooperation model of international subcontracting.
- To expand the fields of construction, optoelectronics, adhesives and film materials, etc. through the AICA cooperation platform to improve business performance and profitability.
- To actively expand the Southeast Asia and emerging markets.
- To continuously recruit and train outstanding talents to achieve medium- and long-term organizational goals.
- To develop new products with high added value and enhance internal core technologies based on industry trends and customer needs.
- Focus on development of green and eco-friendly products and also on the development and promotion based on the three major themes including Recycle, Sustainability and CO2 reduction.
- Promotion the ESG practices.

(II) Impact of the external competitive environment, regulatory environment and overall business environment, and countermeasures

The overall business environment, including international prosperity, regional political factors, crude oil prices, trade agreements, environmental regulations of each country and exchange rates, will have impact on the operation of the chemical industry. In terms of raw materials, with reference to the prices for crude oil and supply of raw materials in the market, we will purchase raw materials with competitive price advantage if appropriate to cut product costs; with respect to trade agreements, by taking into consideration of the status of each production base of the group, and with reference to the terms of the trade agreements for territories, we will take advantage of the Group's supply chain platform and adopt a more flexible marketing strategy; in response to the heightening environment protection awareness of each country driven by the environmental changes which limits the development of chemical industry, the Company gradually reduces its dependence on high-pollution energy, promotes lean production and strengthens the recycling of internal wastes, reduces waste emissions, and continues to develop environmentally friendly products in response to market development needs in the future; at the same time, in response to the changes in the business environment, we will overcome excessive dependence on a single market, and gradually strengthen the development of the Southeast Asian market.

Enterprises' operations became poor because of the COVID-19 epidemic. Meanwhile, the problems derived from the Russia-Ukraine War continued to bother the economic development. Therefore, 2023 is still full of challenges. The Company will continue to optimize the Group's consolidated effect, make every endeavor to mitigate the impact to the minimum and also aim to achieve the budget target this year.

Thank all of you for attending the meeting today. Wish you good health and good luck!

Chairman: Ho Wen-Chieh

Manager: Huang Chang-Tze

Accounting Manager: Chen Hsiang Li

Two. Company Profile

I. Company Profile

(I) Date of Incorporation: May 15, 1989

(II) Corporate Milestones:

1. Status of merger and acquisition: Upon merge of Ri Xing Investment Co., Ltd. on August 31, 2003, the Company is the surviving company and Ri Xing the extinguishing company.

2. Strategic investments in affiliated enterprises:
    - (1) The Company owned Topco (Shanghai) Co., Ltd. wholly upon the capital increase in 2008.
    - (2) The Company increased capital in Dongguan Pou Chien Shoe Materials Co., Ltd. in cash in 2008, and the equity in said company held by the Company remained 51%.
    - (3) The Company acquired 100% of the equity in Giant Star Trading Co., Ltd. in 2009.
    - (4) The Company disposed of the equity in the subsidiary, Jinjiang Defu Resin Co., Ltd., held by it in 2009.
    - (5) The Company owned Wenzhou Detai Resin Co., Ltd. wholly upon the capital increase in 2010.
    - (6) Upon capital increase in Chem-Mat Technologies Co., Ltd., the Company didn’t subscribe for shares in proportion to its shareholding; as a result, the Company’s shareholding declined until 47.92% in 2010.
    - (7) The Company increased in capital in Giant Star Trading Co., Ltd. in 2012.
    - (8) The Company disposed of the whole equity in the subsidiary, Wenzhou Detai Resin Co., Ltd., in 2012.
    - (9) The Company wholly owned Liberty Bell Investments LTD. upon cash capital increase in 2013.
    - (10) The Company increased capital in Giant Star Trading Co., Ltd. and recapitalized the undistributed earnings.
    - (11) The Company acquired 52.08% of the equity in Chem-Mat Technologies Co., Ltd. from the other shareholders in 2014 and, therefore, wholly owned said company.
    - (12) The Company’s subsidiary, Neolite Investments Limited, sold the whole equity held by it in its three subsidiaries in Jiangsu Province, China in 2015.
    - (13) The Company acquired 48% of the equity in TOP WELL ELASTIC TECHNOLOGY CO., LTD. in Thailand upon participating in the capital increase in 2016.
    - (14) The Company founded LEADERSHIP (SHANGHAI) CO., LTD. in April 2017.
    - (15) The Company recapitalized the earnings from Giant Star Trading Co., Ltd., NT$26 million, in July 2017
    - (16) Giant Star Trading Co., Ltd. was reformed into a company limited by shares in April 2018.
    - (17) Purchased 100% equity of U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED in April 2020.
    - (18) Purchased 100% equity of Success Investments Limited in July 2020 and indirectly held 100% equity of VIETNAM SUM YAD TECHNOLOGY LIMITED.
    - (19) In July 2020, purchased 52% of the shares of other shareholders of TOP WELL ELASTIC TECHNOLOGY CO., LTD. in Thailand, increasing the shareholding to 100%.
    - (20) In August 2021, established the Company’s Dayuan Factory upon acquisition of the real property.

3. Reorganization: None.

4. Major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest: NA.

5. Any change in managerial control: None.

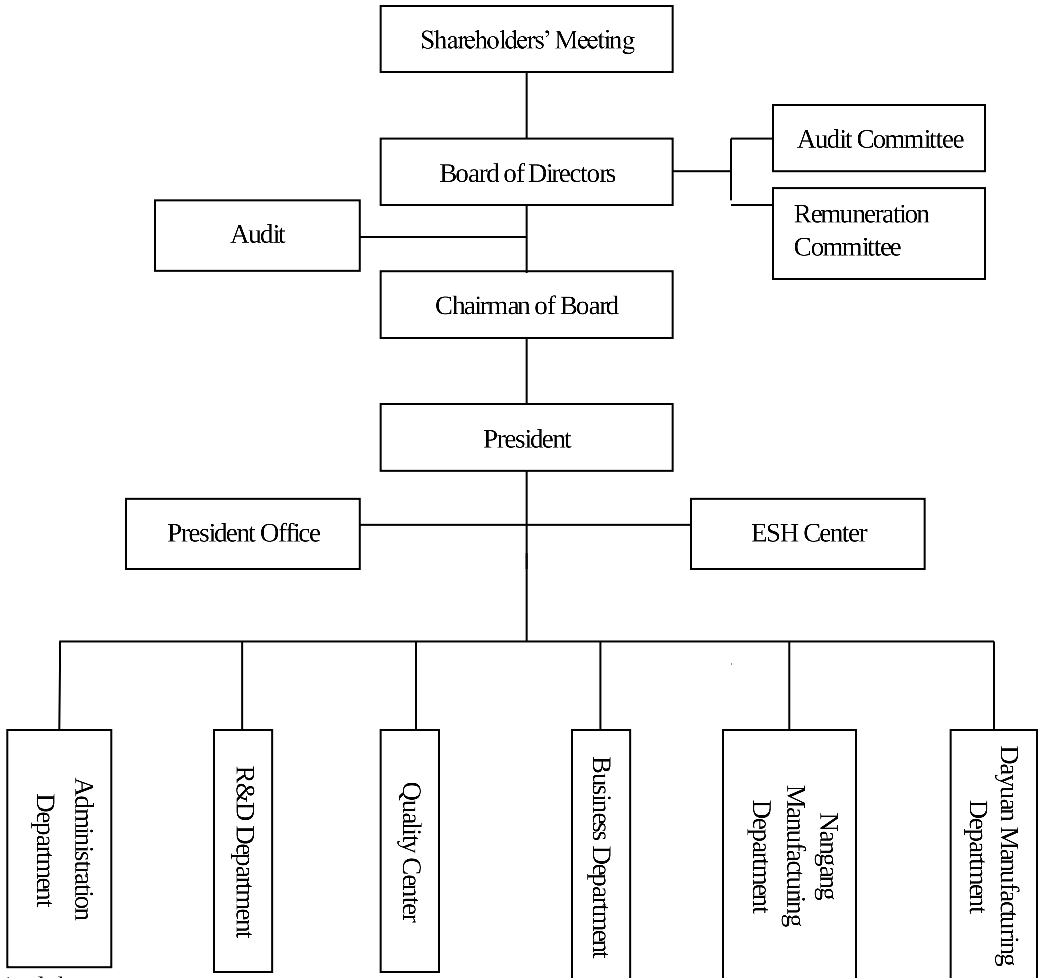
6. Any material change in operating methods or type of business: None.

7. Any other matters of material significance that could affect shareholders' equity: None.

Three. Corporate Governance Report

I. Organization

1. Organizational structure



2. Tasks of principal departments

Principal departments	Tasks
<1> Audit Department	Responsible for auditing and evaluating the status and operation of the internal control system by department.
<2> President Office	Responsible for the Group's sustainable development, business strategy, business integration of various companies and project supervision.
<3>ESH Center	Responsible for the Company's environmental protection, safety and health operations.
<4> Administration Department	Responsible for the Company's information disclosure, personnel, establishment of management systems, procurement, general affairs, legal affairs, accounting and finance, et al.
<5> R&D Department	Responsible for R&D of the Company's new products, and research, improvement and service of product technologies.
<6>Quality Center	Responsible for setting the Company's product quality target and inspecting imported and exported goods.
<7>Business Department	Responsible for marketing development and credit investigation, product sale and after-sale services.
<8> Nangang Manufacturing Department	Responsible for production of the Company's products, purchase of raw materials and supplies, stock-in, production process and engineering affairs.
<9> Dayuan Manufacturing Department	Responsible for production of the Company's products, purchase of raw materials and supplies, stock-in, production process and engineering affairs.

II. Director, president, vice presidents, assistant vice presidents, chiefs of all the Company's departments and branch units:

1. Information about directors (1)

April 29, 2023

Job title	Nationality or place of registration	Name	Gender/Age	Date of election (appointment)	Term of office	Date when first elected	Shares held at time of election		Number of shares held currently		Shares currently held by spouse or underage children		Shares held in the names of others		Major (Academic Degree) Experience	Concurrent positions in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads, directors or supervisors			Remarks (Note 1)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Job title	Name	Relationship	
Chairman	the R.O.C.	Ho Wen Chieh	Male 71-80	August 10, 2021	3	April 24, 1989	7,003,532	7.05	7,003,532	7.05	1,557,657	1.57	0	0.00	Bachelor Jye Hwa Chemical Industrial Co., Ltd. Sales manager	The Company's Chairman of Board Chairman of CHEM-MAT TECHNOLOGIES CO., LTD. and Giant Star Trading Co., Ltd.	None.	None.	None.	None.
Director	the R.O.C.	Huang Chang Tse	Male 61-70	August 10, 2021	3	August 10, 2021	93	0.00	93	0.00	5,000	0.01	0	0.00	Master Research Fellow of ITRI Material & Chemical Research Laboratories; Deputy Assistant Vice President of Pou Chen Corporation	President of EVERMORE CHEMICAL INDUSTRY CO, LTD. Director of Chem-Mat Technologies Co., Ltd. Director of Giant Star Trading Co., Ltd.	None.	None.	None.	None.
Corporate director	Japan	Aica Kogyo Company, Limited	-	August 10, 2021	3	March 7, 2018	49,793,388	50.10	49,793,388	50.10	0	0.00	0	0.00	-	-	None.	None.	None.	None.
Representative of Aica Kogyo Company, Limited	Japan	Nishino Go	Male 41-50	November 1, 2022	1.77	November 1, 2022	0	0.00	0	0.00	0	0.00	0	0.00	PhD Aica Kogyo Company, Limited	Sales Department Manager, Aica Kogyo Company, Limited	None.	None.	None.	None.
Representative of Aica Kogyo Company, Limited	Japan	Omura Nobuyuki	Male 51-60	August 10, 2021	3	June 26, 2018	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor Mitsui & Co., Ltd.	Managing Director of Aica Kogyo Company, Limited Chairman of Aica Asia Pacific Holding Pte. Ltd.	None.	None.	None.	None.
Representative of Aica Kogyo Company, Limited	Japan	Mori Yosuke	Male 51-60	April 18, 2022	2.33	April 18, 2022	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor Aica Kogyo Company, Limited	General Manager of Finance, Aica Kogyo Company Limited; Supervisor of NISHI TOKYO CHEMIX Corporation, Altech Co., Ltd. and SOGO Service Co., Ltd.	None.	None.	None.	None.
Corporate entity Director	the R.O.C.	Yue Dean Technology Co., LTD.	-	August 10, 2021	3	August 10, 2021	1,786,760	1.80	1,786,760	1.80	0	0.00	0	0.00	-	-	None.	None.	None.	None.
Yue Dean Technology Co., LTD. Corporate representative	the R.O.C.	Shih Chih-Hung	Male 51-60	May 11, 2022	2.34	May 11, 2022	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor Vice President of Pou Chen Corporation	Note 2	Nil	None.	None.	None.
Independent director	Japan	Higashiyama Mikio	Male 61-70	August 10, 2021	3	June 26, 2018	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor Chairman of Board of MITSUI & CO. (Taiwan), LTD.	None.	None.	None.	None.	None.

Job title	Nationality or place of registration	Name	Gender/Age	Date of election (appointment)	Term of office	Date when first elected	Shares held at time of election		Number of shares held currently		Shares currently held by spouse or underage children		Shares held in the names of others		Major (Academic Degree) Experience	Concurrent positions in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other department heads, directors or supervisors			Remarks (Note 1)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %			Number of Shares	Shareholding %			Job title	Name	Relationship	
Independent director	the R.O.C.	Chueh Liang-Wu	Male 51-60	August 10, 2021	3	August 10, 2021	0	0.00	0	0.00	0	0.00	0	0.00	Master Financial Manager of Maxedge Electronics Corp.; Financial Manager of Powerchip Semiconductor Corp.; Director of Finance of Rexchip Electronics Corporation; Director of Finance and Chief Internal Auditor, Taiwan Region of Micron Memory Taiwan Co., Ltd.	None.	None.	None.	None.	None.
Independent director	the R.O.C.	Chen Chun-Cheng	Male 41-50	August 10, 2021	3	August 10, 2021	0	0.00	0	0.00	0	0.00	0	0.00	Master Attorney-at-Law of Tongli Law Firm; Attorney-at-Law of Chascord Law Firm; Attorney-at-Law of Victor Group International Attorneys At Law	Attorney-at-Law of Kuroda Law Office	None.	None.	None.	None.

Note 1: The company's chairman and general manager or equivalent (top manager) are the same person, or spouse or relative within one degree of kinship to the other. The reason, rationality, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.).

Note 2: Executive Director of Yue Yuen Industrial (Holdings) Limited; Executive Director of Eagle Nice (International) Holdings Limited; Director of the part subsidiary of Yue Yuen Industrial (Holdings) Limited, Elitegroup Computer Systems Co., Ltd., Yangzhou Baoyi Shoe Making Co., Ltd., Venture Well Holdings Limited, Diamond Islands Limited, Famous Eagle Limited, Hua Jian Industrial Holding Co., Limited, Ka Yuen (Vietnam) Rubber Factory Ltd., Cruiser Ventures Ltd. and Explorer Enterprisers Ltd.; Commissioner of PT. Recycle Center Indonesia and the subsidiary of Yue Yuen Industrial (Holdings) Limited.

Table 1: Major shareholders of corporate shareholders

April 29, 2023

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	
	Name of Shareholder	Shareholding
Aica Kogyo Company, Limited	1.The Master Trust Bank of Japan, Ltd. (Trust Account)	17.38%
	2.Custody Bank of Japan, Ltd (Trust Account)	6.16%
	3.Business Connections Shareholding Association of Aica Kogyo Company, Ltd.	3.58%
	4.THE BANK OF NEW YORK MELLON(INTERNATIONAL) 131800	2.69%
	5.Employee Shareholding Association of Aica Kogyo Company, Ltd.	2.55%
	6. Custody Bank of Japan, Ltd. (Trust Account No.4)	2.23%
	7.SUMITOMO LIFE INSURANCE COMPANY	2.06%
	8. MUFG Bank, Ltd.	2.03%
	9. Dai Nippon Printing Co., Ltd.	2.02%
	10. Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.46%
Yue Dean Technology Co., LTD.	Great Pacific Investments Ltd.	100%

Table 2: Major shareholders of the major shareholder who is a juristic person referred to in Table 1

April 29, 2023

Name of Juristic Person	Major Shareholders of Juristic Person	
	Name of Shareholder	Shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.Mitsubishi UFJ Trust and Banking Corporation	46.5%
	2.Nippon Life Insurance Company	33.5%
	3.Meiji Yasuda Life Insurance Company	10.0%
	4.The Norinchukin Trust and Banking Co., Ltd.	10.0%
Custody Bank of Japan, Ltd (Trust Account)	1.Sumitomo Mitsui Trust Holdings, Inc.	33.3%
	2.Mizuho Financial Group, Inc.	27.0%
	3.Resona Bank, Limited	16.7%
	4.The Dai-ichi Life Insurance Company, Limited	8.0%
	5.Asahi Mutual Life Insurance Company	5.0%
	6.Meiji Yasuda Life Insurance Company	4.5%
	7.Japan Post Insurance Co., Ltd.	3.5%
	8.Fukoku Mutual Life Insurance Company	2.0%
Business Connections Shareholding Association of Aica Kogyo Company, Ltd.	Cannot be accessed due to practical restrictions.	-
THE BANK OF NEW YORK MELLON(INTERNATIONAL) 131800	Cannot be accessed due to practical restrictions.	-
Employee Shareholding Association of Aica Kogyo Company, Ltd.	Cannot be accessed due to practical restrictions.	-
Custody Bank of Japan, Ltd. (Trust Account No.4)	Cannot be accessed due to practical restrictions.	-
SUMITOMO LIFE INSURANCE COMPANY	Cannot be accessed due to practical restrictions.	-
MUFG Bank, Ltd.	1.The Master Trust Bank of Japan, Ltd. (Trust Account)	16.67%
	2. Custody Bank of Japan, Ltd. (Trust Account)	5.89%
	3. SSBTC CLIENT OMNIBUS ACCOUNT	2.17%
	4. THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	1.91%
	5. STATE STREET BANK WESTCLIENT - TREATY 505234	1.76%
	6. BNYM AS AGT/CLTS NON TREATY JASDEC	1.62%
	7. The Master Trust Bank of Japan, Ltd.	1.42%
	8. JP MORGAN CHASE BANK 385781	1.39%
	9. Toyota Motor Corporation	1.21%
	10. Nippon Life Insurance Company	1.15%

Name of Juristic Person	Major Shareholders of Juristic Person	
	Name of Shareholder	Shareholding
Dai Nippon Printing Co., Ltd.	1.The Master Trust Bank of Japan, Ltd. (Trust Account)	18.27%
	2.Custody Bank of Japan, Ltd (Trust Account)	6.33%
	3. The Dai-ichi Life Insurance Company, Limited	3.47%
	4.Employee Shareholding Association of Dai Nippon Printing Co., Ltd.	2.98%
	5. JP・JPMSE LUX Barclays Capital Securities Limited EC.	2.61%
	6. Mizuho Bank, Ltd.	2.14%
	7. Nippon Life Insurance Company	1.78%
	8. State Street Bank West Client-Treaty 505234	1.54%
	9.JP MORGAN CHASE BANK 385781	1.33%
	10. BNP PARIBAS NEW YORK BRANCH - PRIME BROKERAGE SEGREGATION ACCOUNT	1.23%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.The Master Trust Bank of Japan, Ltd. (Trust Account)	17.00%
	2.Custody Bank of Japan, Ltd (Trust Account)	7.70%
	3. Meiji Yasuda Life Insurance Company	2.10%
	4. Barclays Securities Co., Ltd.	1.90%
	5. State Street Bank West Client-Treaty 505234	1.60%
	6. SSBTC CLIENT OMNIBUS ACCOUNT	1.60%
	7. JP Morgan Securities Co., Ltd	1.60%
	8. Moxley & Co. LLC	1.60%
	9. Employee Shareholding Association of Tkio Marine Co., Ltd.	1.50%
	10. JP MORGAN CHASE BANK 385781	1.40%
Great Pacific Investments Ltd.	Pou Hing Industrial Co., Ltd.	100%

Note: Said information was provided by the corporate shareholders. The Company made the disclosure based on such information only.

Information about directors (2)

I. Disclosure of information about directors' professional qualifications and independent directors' independence:

April 29, 2023

Qualifications / Name	Professional Qualifications and Experience	Independence	Number of positions as an Independent Director in other public listed companies
Ho Wen Chieh	1. the R.O.C. national; male; appointed for the first time in April 1989; the Company's current Chairman. 2. Bachelor, Tamkang University Department of Chemistry; a former manager of JYE HWA CHEMICAL INDUSTRIAL CO., LTD.; the Company's founder, experienced in the industry which the Company is engaged in, with work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	--	0
Huang Chang Tse	1. the R.O.C. national; male; appointed for the first time in August 2021; the Company's current President. 2. Master of Chemical Engineering, National Tsing Hua University; a former research fellow of ITRI Material & Chemical Research Laboratories, and former Deputy Assistant Vice President of Pou Chen Corporation; engaged in the chemical engineering industry for more than three decades and experienced in the industry which the Company is engaged in, with work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	--	0
Aica Kogyo Company, Limited Representative: Nishino Go	1. a Japanese national; male, appointed for the first time in November 2022; current Sales Department Manager of Aica Kogyo Company, Limited. 2. Graduate from Architecture, Civil Engineering and Industrial Management Engineering of Nagoya Institute of Technology; entered Aica Kogyo Company, Limited in 2004, responsible for development of multiple chemical products in the R&D Dept., development of functional materials in the Sales Dept., and engaged in development and sales for many years, with the experience necessary for the Company's business. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	--	0
Aica Kogyo Company, Limited Representative: Omura Nobuyuki	1. a Japanese national; male, appointed for the first time in June 2018; current Managing Director of Aica Kogyo Company, Limited. 2. Bachelor, The University of Tokyo Department of Economics; a former employee of Mitsui & Co., Ltd.; recruited by Aica Kogyo Company, Limited in 2009, engaged in chemical engineering and construction materials industries for many years, with work experience in the area of commerce, law, finance or accounting, or otherwise necessary for the business of the Company. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	--	0
Aica Kogyo Company, Limited Representative: Mori Yosuke	1. a Japanese national; male, appointed for the first time in April 2022; current General Manager of Finance, Aica Kogyo Company, Limited. 2. Bachelor, Aichi Gakuin University Department of Economics: Recruited by Aica Kogyo Company, Limited in 2015, assuming the positions including overall planning, board of directors management and general manager of finance, with work experience in the area of commerce, law, finance or accounting, or otherwise necessary for the business of the Company. 2. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	--	0
Yue Dean Technology Co., LTD. Representative: Shih Chih-Hung	1. the R.O.C. national; male; appointed for the first time in May 2023; current Vice President of Pou Chen Corporation. 2. Graduate from Department of Accounting, CYCU, having worked in Pou Chen Corporation for many years and well experienced in the footwear industry, with literacy in the field of commerce, law, finance or accounting, or otherwise necessary for the business of the Company. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	--	0

Higashiyama Mikio (Independent director)	1. a Japanese national; male; appointed for the first time in June 2018. 2. Bachelor, Keio University Faculty of Business and Commerce: former Chairman and President of MITSUI & CO. (Taiwan), LTD., having served in MITSUI & CO. for 36 years, with work experience in the field of commerce, law, finance and accounting, or otherwise necessary for the business of the Company. 2. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	He/she or his/her spouse or relative with the second degree of kinship: 1. Is not a director, supervisor or employee of the Company or any of its affiliates; 2. Does not hold any of the Company's shares; 3. Is not a director, supervisor or employee of any company engaged in specific relationship with the Company; 4. Has not provided any commercial, legal, financial, accounting or other professional services to the Company or any of its affiliates in the most recent two years.	0
Chueh Liang-Wu (Independent director)	1. the R.O.C. national; male; appointed for the first time in August 2021. 2. MBA, California State University: former Director of Finance and Chief Internal Auditor, Taiwan Region of Micron Memory Taiwan Co., Ltd.; Director of Finance of Rexchip Electronics Corporation and Financial Manager of Powerchip Semiconductor Corp.; having engaged in finance-related work for about two decades, with work experience in the field of commerce, law, finance or accounting, or otherwise necessary for the business of the Company. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	He/she or his/her spouse or relative with the second degree of kinship: 1. Is not a director, supervisor or employee of the Company or any of its affiliates; 2. Does not hold any of the Company's shares; 3. Is not a director, supervisor or employee of any company engaged in specific relationship with the Company; 4. Has not provided any commercial, legal, financial, accounting or other professional services to the Company or any of its affiliates in the most recent two years.	0
Chen Chun-Cheng (Independent director)	1. the R.O.C. national; male; appointed for the first time in August 2021; current attorney-at-law of Kuroda Law Office 2. Master of Laws, Soochow University: Having worked as attorney-at-law in Tongli Law Firm, Chascord Law Firm and Victor Group International Attorneys At Law for more than one decade, with work experience in law or otherwise necessary for the business of the Company. 3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	He/she or his/her spouse or relative with the second degree of kinship: 1. Is not a director, supervisor or employee of the Company or any of its affiliates; 2. Does not hold any of the Company's shares; 3. Is not a director, supervisor or employee of any company engaged in specific relationship with the Company; 4. Has not provided any commercial, legal, financial, accounting or other professional services to the Company or any of its affiliates in the most recent two years.	0

II. Diversity and independence of the Board of Directors:

(I) Diversity of the Board of Directors:

According to the Company's "Corporate Governance Best Practice Principles," the Board of Directors shall direct the Company's business strategies, supervise the management, exercise its powers pursuant to laws, and be responsible to the Company and shareholders. In consideration of said job duties, the composition of the Board members shall take into account the aspects including the Company's operational framework, business development orientation and future development trends. Diversified consideration shall be given to the gender, nationality, age, culture, professional knowledge and skills (e.g. law, accounting, industry, finance, marketing or technology) and industrial experience of the directors.

The Company's development strategies focus on the products per se and development of technology. The business development must be supported by the professional knowledge, skills and experience covering leadership and management, industrial experience, R&D and innovation, finance and law. Generally, the Board members shall hold these abilities, and at least one director shall be specialized in one specific profession or background.

Based on the diversity policy, all of the Company's directors are workers with the experience in working for multinational companies locally and in Japan, who have engaged in the related industries for many years. The diversity policy implementation results are stated as following:

Name	Age (Note 1)	Professional background				Ability to execute business				
		Commerce	Law	Finance & accounting	Chemical engineering	Leadership and management	Industrial experience	R&D and innovation	Analysis of finance and accounting	Law and practice
Ho Wen hieh	5				✓	✓	✓	✓	✓	
Huang Chang Tse	3				✓	✓	✓	✓	✓	
Nishino Go	1				✓	✓	✓	✓		
Omura Nobuyuki	2	✓				✓	✓		✓	
Mori Yosuke	2	✓		✓		✓	✓		✓	
Shih Chih-Hung	2			✓		✓	✓		✓	
Higashiyama Mikio	3	✓				✓	✓		✓	
Chueh Liang-Wu	2			✓			✓		✓	
Chen Chun-Cheng	1		✓				✓			✓

Note 1: 1 (41~50 years old); 2 (51~60 years old); 3 (61~70 years old); 5 (71~80 years old)

(II) Independence of the Board of Directors:

The Company has a total of 9 directors, without appointing any supervisor, including 3 independent directors, i.e. 33.33% of the whole directors. None of the directors is a spouse or relative within the second degree of kinship with each other. No violation of Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act has been found. Therefore, the Board of Directors is considered functioning well independently.

2. Information about president, vice presidents, assistant vice presidents, chiefs of all the Company's departments and branch units:

April 29, 2023

Job title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares currently held by spouse or underage children		Shares held in the names of others		Major (Academic Degree) Experience	Concurrent positions in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks (Note 1)
					Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Job title	Name	Relationship	
President	R.O.C.	Huang Chng Tze	Male	July 1, 2016	93	0.00	5,000	0.01	0	0.00	Master Research Fellow of ITRI Material & Chemical Research Laboratories; Deputy Assistant Vice President of Pou Chen Corporation	Director of Chem-Mat Technologies Co., Ltd. Director of Giant Star Trading Co., Ltd.	None.	None.	None.	None.
Group Vice President	R.O.C.	Lee Ching Song	Male	April 1, 2019	0	0.00	0	0.00	0	0.00	Bachelor EVERMORE CHEMICAL INDUSTRY CO, LTD Sales Office Supervisor	None.	None.	None.	None.	None.
Business Department Assistant Vice President	R.O.C.	Wang Shih Chieh	Male	108.0401	0	0.00	3,040	0.00	0	0.00	PhD EVERMORE CHEMICAL INDUSTRY CO, LTD Head of Research & Development	None.	None.	None.	None.	None.
Administration Department Assistant Vice President	R.O.C.	Wu Pao Hua	Male	December 1, 2017	25,000	0.03	0	0.00	0	0.00	Bachelor EVERMORE CHEMICAL INDUSTRY CO, LTD Head of Administration	Supervisor of Giant Star Trading Co., Ltd.	None.	None.	None.	None.
R&D Department Assistant Vice President	R.O.C.	Liu Shih Wei	Male	April 1, 2019	0	0.00	0	0.00	0	0.00	PhD EVERMORE CHEMICAL INDUSTRY CO, LTD Head of Research & Development	None.	None.	None.	None.	None.

Note 1: When the general manager or equivalent (top manager) and the chairman are the same person, are spouses or relatives, etc., then the reason, rationality, necessity and relevant information of the corresponding measures should be disclosed (e.g., the number of independent directors should be increased, more than half of the directors should not be not concurrent employees or managers, etc.).

III. Remuneration to directors, supervisors, president and vice presidents of the Company in the most recent year

1. Remuneration to directors (including independent directors)

December 31, 2022 Unit: NT$

Job title	Name	Remuneration to directors								Sum of A, B, C, and D as percentage of income after tax		Remuneration from concurrently servings as employees								Sum of A, B, C, D, E, F and G as percentage of income after tax		Remuneration from investees other than subsidiaries
		Remuneration (A)		Pension upon retirement (B)		Remuneration to directors (C)		Professional practice expenses (D)				Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Remuneration to employees (G)						
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement	
																Cash	Stock	Cash	Stock			
Chairman	Ho Wen Chieh	0	0	0	0	941,119	941,119	3,030,000	3,040,000	3,971,119/ 11.2784%	3,981,119/ 11.3068%	5,151,674	5,151,674	0	0	115,488	0	115,488	0	9,238,281/ 26.2377%	9,248,281/ 26.2661%	0
Director	Huang Chang Tze																					
Director	Aica Kogyo Company, Limited																					
	Representative: Nishino Go (Note 1)																					
	Representative: Omura Nobuyuki																					
	Representative: Mori Yosuke (Note 2)																					
Director	Yue Dean Technology Co., LTD.																					
	Representative: Shih Chih-Hung (Note 3)																					
Independent director	Higashiyama Mikio																					
Independent director	Chen Chun-Cheng																					
Independent director	Chueh Liang-Wu																					

1. Regarding independent directors' remuneration payment policies, systems, standards and structure, and in accordance with their responsibilities, risks, time invested and other factors, describe the relevance to the amount of remuneration: Independent directors of the Company bear the same responsibilities and risks as ordinary directors. According to the Company's "Regulations Governing Remuneration to and Performance Evaluation on Directors and Functional Committee Members," the remuneration is divided into fixed amounts and the amount allocated according to the Articles of Association is distributed subject to the degree of contribution. The part allocated according to degree of contribution is calculated based on the ratio of the number of board attendances by the independent director to the number of attendances by all independent directors.
2. In addition to the disclosure above, in the most recent year, the directors of the company have received remuneration for providing services to all companies in the financial report (for example, as a consultant who is not an employee): None.
3. Proposed employee compensation amount.
4. Note 1: The original elected was Ichikawa Toyoake. On April 18, 2022, Sawada Kenzo was re-appointed. On November 1, 2022, Nishino Go was re-appointed.
   Note 2: The original elected was Kenji Ebihara. On April 18, 2022, Mori Yosuke was re-appointed.
   Note 3: The original elected was Tsai Nai-Yung. On May 11, 2022, Shih Chih-Hung was re-appointed.

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Breakdown of Remuneration

<table>
<tr><th rowspan="3">Breakdown of remuneration paid to directors of the Company</th><th colspan="4">Name of Director</th></tr>
<tr><th colspan="2">A+B+C+D</th><th colspan="2">A+B+C+D+E+F+G</th></tr>
<tr><th>The Company</th><th>Companies included into the financial statement H</th><th>The Company</th><th>Companies included into the financial statement I</th></tr>
<tr><td>Less than NT$1,000,000</td><td>Ho Wen-Chieh, Huang Chng-Tze, Yue Dean Technology Co., LTD., Tsai Nai-Yung, Aica Kogyo Company, Limited; Ichikawa Toyoake, Sawada Kenzo, Nishino Go, Omura Nobuyuki, Ebihara Kenji, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu</td><td>Ho Wen-Chieh, Huang Chng-Tze, Yue Dean Technology Co., LTD., Tsai Nai-Yung, Aica Kogyo Company, Limited; Ichikawa Toyoake, Sawada Kenzo, Nishino Go, Omura Nobuyuki, Ebihara Kenji, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu</td><td>Yue Dean Technology Co., LTD., Tsai Nai-Yung, Aica Kogyo Company, Limited; Ichikawa Toyoake, Sawada Kenzo, Nishino Go, Omura Nobuyuki, Ebihara Kenji, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu</td><td>Yue Dean Technology Co., LTD., Tsai Nai-Yung, Aica Kogyo Company, Limited; Ichikawa Toyoake, Sawada Kenzo, Nishino Go, Omura Nobuyuki, Ebihara Kenji, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu</td></tr>
<tr><td>1,000,000 (inclusive) - 2,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>2,000,000 (inclusive) - 3,500,000 (exclusive)</td><td></td><td></td><td>Ho Wen-Chieh, Huang Chng-Tze</td><td>Ho Wen-Chieh, Huang Chng-Tze</td></tr>
<tr><td>3,500,000 (inclusive) - 5,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>5,000,000 (inclusive)~10,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>10,000,000 (inclusive)~15,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>15,000,000 (inclusive)~30,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>30,000,000 (inclusive)~50,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>50,000,000 (inclusive)~100,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>More than 100,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>15</td><td>15</td><td>15</td><td>15</td></tr>
</table>

2. Remuneration to supervisors: N/A.

3. Remuneration to president and vice presidents December 31, 2022 Unit: NT$

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension upon retirement (B)</th><th colspan="2">Bonuses, special expenses, and others (C)</th><th colspan="4">Remuneration to employees (D)</th><th colspan="2">Sum of A, B, C, and D as percentage of income after tax</th><th rowspan="3">Remuneration from investees other than subsidiaries</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies included into the financial statement</th><th rowspan="2">The Company</th><th rowspan="2">Companies included into the financial statement</th><th rowspan="2">The Company</th><th rowspan="2">Companies included into the financial statement</th><th colspan="2">The Company</th><th colspan="2">Companies included into the financial statement</th><th rowspan="2">The Company</th><th rowspan="2">Companies included into the financial statement</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Huang Chang Tze</td><td rowspan="2">3,675,720</td><td rowspan="2">3,675,720</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">1,216,254</td><td rowspan="2">1,216,154</td><td rowspan="2">123,067</td><td rowspan="2">0</td><td rowspan="2">123,067</td><td rowspan="2">0</td><td rowspan="2">5,015,041
14.2432%</td><td rowspan="2">5,015,041
14.2432%</td><td rowspan="2">0</td></tr>
<tr><td>Group Vice President</td><td>Lee Ching Song</td></tr>
</table>

Note: 1. If the director holds the position as the president or vice president concurrently, the remuneration to him/her shall be disclosed in this Table and the table for remuneration to directors (including independent directors).
2. Proposed employee compensation amount.

Breakdown of Remuneration

<table>
<tr><th rowspan="2">Breakdown of remuneration paid to president and vice presidents of the Company</th><th colspan="2">Name of President/Vice President</th></tr>
<tr><th>The Company</th><th>Companies included into the financial statement E</th></tr>
<tr><td>Less than NT$1,000,000</td><td></td><td></td></tr>
<tr><td>1,000,000 (inclusive) - 2,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>2,000,000 (inclusive) - 3,500,000 (exclusive)</td><td>Huang Chang-Tze, Lee Ching-Song</td><td>Huang Chang-Tze, Lee Ching-Song</td></tr>
<tr><td>3,500,000 (inclusive) - 5,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>5,000,000 (inclusive)~10,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>10,000,000 (inclusive)~15,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>15,000,000 (inclusive)~30,000,000 (exclusive)</td><td></td><td></td></tr>
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<tr><td>50,000,000 (inclusive)~100,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>More than 100,000,000</td><td></td><td></td></tr>
<tr><td>Total</td><td>2</td><td>2</td></tr>
</table>

4. Names of managerial officers entitled to employee remuneration and amount entitled:

December 31, 2022 Unit: NT$

	Job title	Name	Stock (projected amount)	Cash (projected amount)	Total	As percentage of income after tax (%)
Managerial officers	President	Huang Chang Tze	0	271,128	271,128	0.7700%
	Group Vice President	Li Ching Song				
	Assistant Vice President	Wang Shih Chieh				
	Financial Manager	Wu Pao Hua				
	Assistant Vice President	Liu Shih Wei				
	Accounting Manager	Chen Hsiang Li				

5. Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, president, and vice presidents, and the respective proportion of such compensation to the income after tax referred to in the entity or separate financial statements, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with business performance and future risks.

(1). Analysis on the proportion of amount of compensation paid to the directors, supervisors, president, and vice presidents to the income after tax referred to in the entity or separate financial statements:

A. Analysis on the proportion of amount of compensation paid to the Company’s directors, supervisors, president, and vice presidents to the income after tax referred to in the entity or separate financial statements:

Item / Job title	2022		2021	
	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement
Director	26.24%	26.27%	68.53%	68.53%
Supervisor	N/A.	N/A.	9.56%	9.56%
President and Vice President	14.24%	14.24%	42.97%	42.97%

B. The Company’s remuneration to directors/supervisors for the latest two years consists of fixed amount and remuneration to directors/supervisors equivalent to 2% of the income before deduction of the remuneration. The percentage of 2022 remuneration to the income after tax in the parent company only or individual financial statements is lower than that for 2021, primarily as a result of the net profit before tax in 2022 higher than that in 2021. The analysis on amount focuses on the fixed compensation and employee compensation received by them.

C. The actual amount of remuneration for the President and vice presidents in 2022 was higher than that in 2021. Except the fixed salary, the bonus and employee remuneration in 2022 were more than those in 2021. The proportion of income after tax in 2022 was lower than that in 2021, mainly due to the higher net profit before tax in 2022 compared with 2021.

(2) Policies, standards, and packages by which the compensation was paid, the procedures through which the compensation was determined, and its association with business performance and future risks:

A. The policies, standards, and packages by which the compensation was paid to directors/supervisors are decided in accordance with the Company’s “Regulations Governing Remuneration to and Performance Evaluation on Directors and Functional Committee Members.” For the time being, the compensation consists of monthly fixed transportation allowances, and the remuneration equivalent to 2% of the income before deduction of the remuneration according to the articles of incorporation. Where the director assumes the role of employee concurrently, the method by which remuneration to managers is evaluated shall apply separately. The directors’ performance evaluation indicators consist of business, governance and financial results. The evaluation covers profitability, compliance with laws when exercising the Board of Directors’ powers loyally, provision of fine-quality decision making suggestions and participation in the Board of Directors. Relevant performance evaluation and reasonableness of remuneration have been reviewed and approved by Remuneration Committee and Board of Directors.

B. The salaries of President and Vice President are governed by the Company’s Regulations Governing Salary Management, consisting of fixed and variable amount. The variable amount refers to the bonus allocated subject to the annual business results and the remuneration equivalent to 5% of the income before deduction of the remuneration according to the articles of incorporation. The variable salary is paid according to the Regulations Governing Salary Management. The performance evaluation covers achievement of annual budget, department performance and personal performance, work skill performance, operations management and strategic development. The variable salary and remuneration shall be reported to the Board of Directors for approval upon review by the Remuneration Committee.

IV. Status of corporate governance

(I) Operations of Board of Directors

1. Information on the operation of the Board of Directors

The Board held 6 (A) meetings in 2022. The attendance of directors/supervisors is summarized as follows:

Job title	Name	Count of actual presence (in attendance) (B)	Count of presence by proxy	Actual presence (in attendance) rate (%) 【B/A】	Remark
Chairman	Ho Wen Chieh	6	0	100%	Re-elected on August 10, 2021
Director	Huang Chang Tze	6	0	100%	New elected on August 10, 2021
Corporate director (Representative of Aica Kogyo Company, Limited)	Ichikawa Toyoake	1	1	50%	Re-elected on August 10, 2021, and discharged on April 18, 2022
Corporate director (Representative of Aica Kogyo Company, Limited)	Omura Nobuyuki	6	0	100%	Re-elected on August 10, 2021
Corporate director (Representative of Aica Kogyo Company, Limited)	Ebihara Kenji	2	0	100%	Re-elected on August 10, 2021, and discharged on April 18, 2022
Corporate director (Representative of Aica Kogyo Company, Limited)	Mori Yosuke	4	0	100%	New elected on April 18, 2022
Corporate director (Representative of Aica Kogyo Company, Limited)	Sawada Kenzo	3	0	100%	New elected on April 18, 2022 Discharged on November 1, 2022
Corporate director (Representative of Aica Kogyo Company, Limited)	Nishino Go	1	0	100%	New elected on November 1, 2022
Corporate director (Representative of Yue Dean Technology Co., LTD.)	Tsai Nai Yung	3	0	100%	Re-elected on August 10, 2021, and discharged on May 11, 2022
Corporate director (Representative of Yue Dean Technology Co., LTD.)	Shih Chih-Hung	3	0	100%	New elected on May 11, 2022
Independent director	Higashiyama Mikio	6	0	100%	Re-elected on August 10, 2021
Independent director	Chueh Liang-Wu	6	0	100%	New elected on August 10, 2021
Independent director	Chen Chun-Cheng	6	0	100%	New elected on August 10, 2021

Other items to be stated:

I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:

1. The circumstances referred to in Article 14-3 of the Securities and Exchange Act:

Meeting Date	Term	Contents of Motion	Opinions of All Independent Directors	The Company's Resolution of Independent Directors' Opinions
March 15, 2022	2nd in 2022	Making of endorsements/guarantees for POU CHIEN CHEMICAL CO., LTD. Amendment of some provisions of Procedures for the Acquisition or Disposal of Assets.	No comments.	N/A.
May 10, 2022	3rd in 2022	Amendments to Internal Control System and Internal Audit Implementation Rules	No comments.	N/A.
June 28, 2022	4th in 2022	Capital increase in VIETNAM SUM YAD TECHNOLOGY LIMITED	No comments.	N/A.
August 9, 2022	5th in 2022	Amendments to the internal control system	No comments.	N/A.
November 8, 2022	6th in 2022	Guarantee/endorsement for TOP WELL ELASTIC TECHNOLOGY CO., LTD.	No comments.	N/A.

2. Any documented objections or qualified opinions raised by independent director against the Board's resolutions in relation to matters other than those described above: None.

II. Status of directors' recusal due to a conflict of interest:

1. If topics of a Board of Directors meeting involves proposals in which directors have an interest, such directors with associated interests should recuse themselves from discussion of the proposal.

   Motion for allocation of 2021 year-end bonus to managerial officers discussed by the Board of Directors on January 25, 2022.

   Motion for 2021 distribution of earnings to directors/supervisors discussed by the Board of Directors on June 28, 2022.

   Motion for 2021 distribution of remuneration to employees discussed by the Board of Directors on June 28, 2022.

2. No discussion about specific remuneration to individual stakeholders was done at said meetings; therefore, no individual stakeholder needed to recuse himself/herself.

III. TWSE/TPEx-Listed Companies should disclose the evaluation cycle and period, assessment scope, method and evaluation content of the Board's self (or peer) evaluation:

1. Assessment scope of the Board's self (or peer) evaluation:

Evaluation cycle	Assessment period	Assessment scope	Evaluation method	Evaluation content
Implemented once per year (February 2023)	January 1, 2022 to December 31, 2022	the Board	Chairman and independent directors - Board of Directors Performance Self-Assessment Questionnaire	1. Degree of participation in the Company's operation, 2. Quality of the Board of Directors' decision making, 3. Composition and structure of the Board of Directors, 4. Election and continuing education of directors, 5. Internal control.
		Individual directors	Board members - Board Members Performance (Self or Peer) Assessment Questionnaire	1. Alignment with the Company's goals and mission, 2. Awareness toward directors' responsibilities and duties, 3. Degree of participation in the Company's operation, 4. Management of internal relations and communication, 5. Expertise and continuing education of directors, 6. Internal control.

Evaluation cycle	Assessment period	Assessment scope	Evaluation method	Evaluation content
Implemented once per year (February 2023)	January 1, 2022 to December 31, 2022	Remuneration Committee	Member - Functional Committee Performance Self-Assessment Questionnaire	1. Degree of participation in the Company's operation, 2. Awareness toward functional committees' responsibilities and duties, 3. Upgrading the quality of functional committees' decision making; 4. Composition of functional committees and election of the committee members, 5. Internal control.
Implemented once per year (February 2023)	January 1, 2022 to December 31, 2022	Audit Committee	Member - Functional Committee Performance Self-Assessment Questionnaire	1. Degree of participation in the Company's operation, 2. Awareness toward functional committees' responsibilities and duties, 3. Upgrading the quality of functional committees' decision making; 4. Composition of functional committees and election of the committee members, 5. Internal control.

2. The 2022 performance assessment was carried out in the form of self-assessment. The Board of Directors and functional committee members shall complete the "Board of Directors Performance Self-Assessment Questionnaire," "Board Members Performance (Self or Peer) Assessment Questionnaire" and "Functional Committee Performance Self-Assessment Questionnaire," in order to complete the performance assessment. The assessment result has been reported to the Board of Directors on March 14, 2023.

3. The performance self-evaluation results in 2022: (Bad, poor, moderate, good, excellent)
(1) Summarization of the Board of Directors performance self-assessment results: Good.
(2) Summarization of the Board members performance self-assessment results: Good.
(3) Summarization of the Remuneration Committee and Audit Committee members performance self-assessment results: Good.
Among the evaluation indicators, the scores won by the continuing education are low. The results have been explained to the Board of Directors for continuous improvement.

4. The evaluation results will be used as a reference for individual directors' remuneration and nomination renewal.

IV. An evaluation of targets for strengthening of the functions of the Board during the current and the most recent years, and measures taken toward achievement thereof:
1. The Company established its own "Regulations Governing Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." Meanwhile, the Company operates its Board of Directors in accordance with related laws and the competent authority's written interpretation, hoping to keep the Board of Directors operate in line with the corporate governance regulations and the target for effective supervision of the Company's operations.
2. In order to well found the Company's corporate governance and strengthen the functions of the Board, two independent directors were assigned to participate in the operations of the Board. In 2022, the independent directors were present at each of the Board meetings in person to participate in the decision making about the Company's finance, business and important business plan.
3. The Company had the Board of Directors approve the appointment of the chief corporate governance officer on June 29, 2021, in order to help the Board of Directors perform its job duties and improve the Board of Directors' performance.

2. Chief corporate governance officer:
A. Job authority:
1. Convention of board meetings and shareholders' meetings under laws;
2. Preparation of board meeting and shareholders' meeting minutes;
3. Helping directors with assumption of office and continuing education;

4. Providing directors with the information needed to perform their duties;
5. Helping directors comply with laws;
6. Any other matters defined by the Articles of Incorporation or contract.

B. Information about the chief corporate governance officer:

Name	Gender	Date of onboard	Concurrent job
Wu Pao Hua	Male	June 29, 2021	Served by the Financial Manager concurrently

C. Continuing education status in 2022:
The chief corporate governance officer was appointed for the first time in June 2021. According to the relevant requirements, he shall attend the continuing education courses for 18 hours within the first year since his assumption of the office. His continuing education status is specified as following.

Organizer	Name of Course	Course Hours
Securities & Futures Institute	2021 Insider Trading Prevention Presentation Conference	3
Taiwan Corporate Governance Association	Backstage Planner of Corporate Governance: Operational Practices for Corporate Governance Personnel	3
Accounting Research and Development Foundation	Business Succession and Corporate Governance	3
Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3
Accounting Research and Development Foundation	How to Exercise the Function of Chief Corporate Governance Officer Effectively--Also Talking about Manager's Legal Liability	3
Accounting Research and Development Foundation	Internet Technology Development Trend and Internal Auditors' New Thinking	6
TWSE and TPEx	Sustainable Development Roadmap Industry-Themed Announcement Meeting	2
Securities & Futures Institute	2022 Insider Equity Trading Legal Compliance Presentation Conference	3

(II) Operation of the Audit Committee

1. Operations of Audit Committee: The Company established the Audit Committee on August 10, 2021. The Committee performs its job duties in accordance with the Articles of Association for Audit Committee.

Information about operations of Remuneration Committee

The Audit Committee held 5 (A) meetings in 2022. The attendance of independent directors is summarized as follows:

Job title	Name	Count of actual presence (B)	Count of presence by proxy	Actual in presence rate (%) 【B/A】	Remark
Independent director	Chen Chun-Cheng	5	0	100%	Elected on August 10, 2021
Independent director	Chueh Liang-Wu	5	0	100%	Elected on August 10, 2021
Independent director	Higashiyama Mikio	5	0	100%	Elected on August 10, 2021

Other items to be stated:

I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motions, independent directors' dissenting opinions, qualified opinions or important suggestions, Audit Committee meeting resolution, and how the Company has responded to the Audit Committee's opinions.

1. Conditions described in Article 14-5 of the Securities and Exchange Act:

Date of Audit Committee Meeting	Term	Contents of Motion	Independent Directors' Dissenting Opinions, Qualified Opinions or Important Suggestions	Audit Committee Meeting Resolution	How the Company Has Responded to the Audit Committee's opinions
January 24, 2022	2022 1st	1. Change the external auditors, in response to the internal business adjustment of the accounting firm.	None.	No objection. Passed unanimously.	N/A.
March 11, 2022	2022 2nd	1. Making of endorsements/guarantees for POU CHIEN CHEMICAL CO., LTD. 2. Amendments to some provisions of the "Procedure for Acquisition or Disposal of Assets." 3. Review on 2021 parent company only financial statements and consolidated financial statements. 4. Review on the remuneration to CPAs for 2022.	None.	No objection. Passed unanimously.	N/A.
May 9, 2022	2022 3rd	1. Amendments to the "Internal Control System" and "Internal Audit Implementation Rules."	None.	No objection. Passed unanimously.	N/A.
August 8, 2022	2022 4th	1. Review on 2022 Q2 consolidated financial statements. 2. Amendments to the internal control system	None.	No objection. Passed unanimously.	N/A.
November 7, 2022	2022 5th	1. Guarantee/endorsement for TOP WELL ELASTIC TECHNOLOGY CO., LTD.	None.	No objection. Passed unanimously.	N/A.

2. Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. For independent directors' recusal from motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: None.

III. Communication between independent directors and chief internal auditor/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):

The Company's Audit Committee, consisting of the whole independent directors, shall convene at least one meeting per quarter, and may convene the meeting at any time, if necessary. The independent directors may communicate with the CPAs and internal auditors face to face. In addition to the Audit Committee, the independent directors may also convene the communication meeting with the CPAs separately each year, if necessary. Besides the meeting, the independent directors may also keep in touch and interact with the CPAs and internal auditors via phone or email on weekdays.

1. Communication between the chief internal auditor and Audit Committee:
   (1) The audit report prepared per the audit plan on a monthly basis is submitted to each independent via email or in person for review by the end of next month, and also reported at the Audit Committee meeting. The independent directors who have any question may communicate with the chief internal auditor in person or via phone or email.
   (2) Report the internal audit operations to Audit Committee periodically on a quarterly basis.
   (3) Communicate and respond from time to time via phone or email or in person.
   (4) Any special case shall be reported to the Audit Committee members immediately.
   (5) The communication matters between the independent directors and chief internal auditor in 2022 are stated as following:

Date	Method	Counterpart	Communication matters	Outcome
At the end of each month and Board of Directors	Reported via email, or verbally via phone	All directors (including independent directors), audit	Monthly audit report	The independent directors raise questions about the audit report. Then, the chief internal auditor shall respond to the questions, so that the independent directors may have full knowledge of the situation.
May 9, 2022	Report at Audit Committee meeting verbally	All independent directors, internal chief auditor	Amendments to Internal Control System and Internal Audit Implementation Rules	The chief internal auditor shall provide explanation, so that the independent directors may have full knowledge of the situation. The motion shall be passed by the Audit Committee and presented to the Board of Directors meeting for resolution.
August 8, 2022	Report at Audit Committee meeting	All independent directors, internal chief auditor	Amendments to the internal control	The chief internal auditor shall provide explanation, so that the independent

	verbally		system	directors may have full knowledge of the situation. The motion shall be passed by the Audit Committee and presented to the Board of Directors meeting for resolution.
November 7, 2022	Report at Audit Committee meeting verbally	All independent directors, internal chief auditor	2023 internal audit plan.	The chief internal auditor shall provide explanation, so that the independent directors may have full knowledge of the situation. The motion shall be passed by the Audit Committee and presented to the Board of Directors meeting for resolution.

3. Communication between the CPA and Audit Committee:

(1) The Company's external auditors shall convene the communication meeting independently with the Audit Committee at least once per year, and provide explanation and communicate with the Audit Committee sufficiently in order to deal with the communication matters required by related laws. The attendees at the meeting exclude the ordinary directors and management. The CPAs and Audit Committee have communicated with each other satisfactorily in March 2022. No communication meeting has been convened separately this year.

(2) The Audit Committee shall convene a meeting to discuss the external auditors' audit on the current financial statements and audit results at the end of the audit, and shall discuss and communicate the audit results, major issues and key audit matters at the meeting thoroughly.

(3) Discussion via multiple communication channels (e.g. phone, email or in person) is advised. If there is any major opinion to be exchanged, a meeting may be arranged subject to the circumstances.

(4) The communication matters between the independent directors and external auditors in 2022 are stated as following:

Date	Method	Counterpart	Communication matters	Outcome
March 4, 2022	Physical meeting/ Virtual communicating meeting	All independent directors, CPA team, accounting manager, and the Company's management	The CPAs explained the 2021 financial statement audit results, important issues and key audit matters, and reminded the update on important laws and regulations. The CPAs inquired the management about the business outlook.	The independence directors asked the CPAs or the Company to provide relevant explanation about their problems. After verifying the situation, the independent directors approved the Company's 2021 financial statements and submitted the same to the Board of Directors for resolution.

IV. Annual work focus of the Audit Committee:

1. Adoption of or amendments to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation on the validity of the internal control system.
3. According to Article 36-1 of the Securities and Exchange Act, stipulating or amending the handling procedures of major financial business activities of acquiring or disposing of assets, derivative commodity transactions, loaning of funds to others, and endorsing or providing guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. Raising, issuing, or private placement of equity-type securities.
8. Appointment or dismissal of the external auditor, or remuneration to the external auditor.
9. Appointment and removal of the head of finance, accounting or internal audit.
10. Annual financial report signed or sealed by the Chairman, general manager and accounting manager.
11. Other material matters required by the Company or the competent authority.

2. Information about participation in Board meetings by the supervisors: N/A.

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company establish rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has set forth its Corporate Governance Best-Practice Principles and disclosed them on the Company website.	No deviation.
II. Equity structure and shareholders' equity (I) Does the Company define some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(I) The Company has adopted its own "Corporate Governance Best Practice Principles." Shareholders may access "Contact Us" on the Company's website, and the Company will have its dedicated staff to accept, assess and respond to the suggestions, questions, dispute and legal actions raised by shareholders. So far, no dispute has arisen.	(I) No deviation.
(II) Does the Company control the list of major shareholders and the controlling parties of such shareholders?	V		(II) The changes in shares held by insiders are reported on a monthly basis (or from time to time, if necessary).	(II) No deviation. The monthly report on changes in shares held by insiders serves as the basis for follow-up.
(III) Does the Company establish or implement some risk control and firewall mechanisms between the Company and its affiliate?	V		(III) Except important decision which shall be subject to approval of the Board of Directors, the various subsidiaries' operations are managed by the subsidiaries' management independently. Various operations are carried out in a just and reasonable manner pursuant to existing norms in written form.	(III) No deviation.
(IV) Does the Company establish internal policies that prevent insiders from trading securities based on non-public information?	V		(IV) Company insiders are prohibited from using undisclosed information on the market to buy or sell securities, based on the Company's Ethical Corporate Management Best Practice Principles; the Code of Ethical Conduct for Directors, Supervisors, and Managers; procedures for handling important internal information and prevention of insider trading to regulate directors, managers, employees and actual controllers; confidentiality requirements for confidential and commercially sensitive information obtained in the course of business; and yearly education and promotion of relevant laws and regulations.	(IV) No deviation.
III. Composition and duties of Board of Directors (I) Does the Board of Directors have a diversity policy and management goals, and implement the same precisely? (II) Is the Company, in addition to establishing the	V		(I) The composition of the Board of Directors shall be handled and implemented in accordance with the Company's Articles of Incorporation, as detailed on pages 7~8 and 12~13 of the annual	(I) No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
Remuneration Committee and Audit Committee pursuant to laws, willing to establish any other functional committees voluntarily?		V	report. (II) Except the Remuneration Committee established by the Company pursuant to laws, the Company has not yet established any other functional committees so far.	(II) Not yet established any other functional committees.
(III) Does the Company formulate the Board's performance evaluation method and evaluation method, conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the board of directors, and apply it to individual directors' remuneration and nomination renewal?	V		(III) The company has completed the Company's "Board self-evaluation or peer evaluation method" on November 13, 2019. Conduct the evaluation before Q1 of each year and report the performance evaluation result to the Board of Directors as a reference for determination of individual directors' remuneration and nomination renewal; the 2021 self-evaluation result was reported to the Board of Directors on March 15, 2022.	(III) No deviation.
(IV) Does the Company assess the independence of the CPAs periodically?	V		(IV) Assess the independence and competence of external auditors in accordance with the Company's "Regulations Governing Assessment on Independence and Competence of External Auditors" and assessment form regularly each year. The 2022 assessment result on the independence and competence of external auditors was reported to the Board of Directors on January 25, 2022.	(IV) No deviation.
IV. Does the TWSE / TPEx Listed Company is equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the board of directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?	V		The Company's Financial Dept., Administration Division serves as the corporate governance unit concurrently. The Administration Division head is appointed by the Board of Directors to serve as the Chief Corporate Governance Officer, who shall perform the job duties, including but not limited to, providing directors with the information needed to perform their duties, helping directors comply with laws, convening shareholders' meetings, board meetings and committee meetings under laws, and helping promote and strengthen the corporate governance. The Chief Corporate Governance Officer was appointed for the first time in 2021, who has attended the continuing education courses for 26 hours so far.	No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
V. Does the Company establish a communication channel with the stakeholders (including but not limited to stockholders, employees, customers and suppliers), set up the stakeholder section on the Company's website, and respond to the stakeholders regarding their concerns over corporate social responsibilities?	V		(I) Communication channel with stakeholders: 1. The Company has set up a special area for stakeholders on the Company website that provides stakeholders with a contact window and contact information. 2. In addition, a physical employee suggestion box has been set up on the Company's premises to allow staff members to offer comments or complaints. (II) The Company responds to the stakeholders regarding their concerns adequately via said communication channel. Please refer to the Company's ESG report for details.	No deviation.
VI. Does the Company commission a professional shareholders service agent to handle shareholders service affairs?	V		The Company has appointed KGI Securities, Stock Administration Dept. to handle the shareholders service affairs on behalf of it.	No deviation.
VII. Information disclosure (I) Does the Company establish a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company has set up a website in both Chinese and English to disclose the Company's financial business and corporate governance information at any time. Company's website: http://www.twemc.com	(I) No deviation.
(II) Are there other means for disclosure adopted by the Company (e.g. set up an English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website, et al.)?	V		(II) There are dedicated individuals responsible for the collection of relevant information, the disclosure of major company matters, and implementing the spokesperson system.	(II) No deviation.
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?		V	(III) The Company announces and declares its annual financial report within the time limit according to law, and reports the first, second, and third quarter financial reports and the monthly operating situation. If the information is complete, it is announced as early as possible.	(III) Announce before the time limit for the evaluation project has not been met.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and maintenance of liability insurance for the Company's directors and supervisors)?	V		1. Employee rights: The Company has established the regulations governing workers' retirement and regulations. The Company also set up the "Workers' Welfare Committee" to allocate the benefit periodically to provide the expenditure needed by various activities. The Company convenes the "labor-management coordination meeting" periodically and values the harmonious relationship between the labor and management very much, respects the employees' suggestions and claims for work, and practices ISO45001 (2018 version) international occupational safety and health management to raise the awareness toward safety.	No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			2. Employee care, investor relations, supplier relations and stakeholders' interests: The Company establishes the two-way communication channel and values related personnel's right. 3. Continuing education of directors: The Company propagates the channels and messages about continuing education of directors from time to time, and discloses the status of continuing education on MOPS. Training hours in 2022: Directors had a total of 27 hours. 4. Implementation of risk management policies and risk measurements, and implementation of customer policy: Strict implementation of the same pursuant to the Company's internal control system may mitigate the risk effectively. 5. The situation where the Company purchases liability insurance for directors: Liability insurance has been purchased for directors and important staff.	
IX.Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: (I) Notes to the result of the Corporate Governance Evaluation of 9th Term: The Company will check the operations which fail to satisfy the evaluation standards upon announcement of the evaluation result each year to correct the deficiencies successively. For the time being, most of the deficiencies result from the disclosed contents and details that fail to satisfy the evaluation requirements. The Company will continue to disclose more specific contents additionally. (II) Propose enhancement measures for any issues that are yet to be rectified: To improve the items which didn't win any scores one by one subject to the level of difficulty.				

(IV) Disclose the composition and functioning of Company's Remuneration Committee, if any:

1. Information about Remuneration Committee members

Position	Qualifications / Name	Professional Qualifications and Experience	Independence	Number of positions as a Remuneration Committee member in other public listed companies	Remark
Independent director (Convener)	Chueh Liang-Wu	Please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13.	Please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13.	None.	Appointed (new elected) on August 10, 2021
Independent director	Higashiyama Mikio	Please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13.	Please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13.	None.	Appointed (re-elected) on August 10, 2018
Independent director	Chen Chun-Cheng	Please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13.	Please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13.	None.	Appointed (new elected) on August 10, 2021

2. Operations of Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office: From August 10, 2021 to August 9, 2024; the Committee has held 3(A) meetings during the most recent year, and the Committee members' qualification and attendance are summarized as follows:

Job title	Name	Count of actual presence (B)	Count of presence by proxy	Actual presence ratio (%) (B/A)	Remark
Convener	Chueh Liang-Wu	3	0	100	New elected on August 10, 2021
Member	Chen Chun-Cheng	3	0	100	New elected on August 10, 2021
Member	Higashiyama Mikio	3	0	100	Reelected on August 2021 (the convener of the previous term)

Other items to be stated:

I. The Board of Directors does not adopt, or amends the Remuneration Committee's suggestions: None.

II. For resolution(s) made by the Remuneration Committee with the committee members voicing opposing or qualified opinions on the record or in writing: None.

(3) Discussions and resolutions of the Remuneration Committee in 2022:

Remuneration Committee Date	Term	Proposal content	Resolution result	The Company's handling of the opinions of the Remuneration Committee
January 24, 2022	3rd meeting of 5th term	Motion for allocation of 2021 year-end bonus to managerial officers.	Passed unanimously.	None; submitted to the Company's Board of Directors for resolution
March 11, 2022	4th meeting of 5th term	Allocation of 2021 remuneration to employees and directors.	Passed unanimously.	None; submitted to the Company's Board of Directors for resolution
June 27, 2022	5th meeting of 5th term	Allocation of 2021 remuneration to directors/supervisors Motion for allocation of 2020 employee remuneration to managerial officers	Passed unanimously.	None; submitted to the Company's Board of Directors for resolution

(V) Status of sustainable development, and deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Item	Status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company implement a governance framework that supports sustainable development, and designate a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board supervise progress?	V		1. Promote the sustainable development governance framework: Please refer to the Company's sustainability report. 2. Execution by the Company's organizations: (1) The name of the unit that specializes (or is involved) in the promotion of sustainable development, when to set up the unit and authorization by the Board of Directors: The Company established the Corporate Social Responsibility Committee (CSR Committee), a functional committee, in 2015, and then renamed the committee into ESG Committee. Meanwhile, the Company organized the GHG accounting team, which explained the GHG accounting and sustainable development implementation plan to the Board of Directors in November 2022 (2) Composition and operations of the unit members, and execution status: The Company's CSR Committee serves as the cross-departmental communication platform vertically integrating and horizontally linking resources effectively, and includes the corporate social responsibility into the Company's business strategies, functions based on the "P-D-C-A" (Plan-Do-Check-Act) management model with respect to the risk assessment and project management on the ESG issues, and strictly complies with various laws and regulations to perform the social responsibility. (3) How often the promotion unit reports to the Board of Directors: ESG Committee reported related business affairs to the Board of Directors on June 28, 2022 and November 8, 2022. 3. How does the Board supervise the sustainable development progress: The management need to propose the Company's management policy, strategies and goals and review policies to the Board of Directors. The Board of Directors has to judge the possibility about the success of these strategies and also review the progress of the strategies, and shall urge the management team to make adjustment if necessary.	No deviation. The Company will continue to promote the sustainable development-related business, and also enhance the frequency of communication with the Board of Directors.
II. Does the Company conduct the risk assessment on the environment, society and corporate governance issue concerning the Company's operations in accordance with the materiality	V		1. Boundary of risk assessment: The boundary of risk assessment refers to the Company primarily. 2. Risk assessment standards, process, results and risk management policies or strategies about identification of material ESG issues:	No deviation.

Item	Status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
principle, and adopt related risk management policies or strategies? (Note 2)			The ESG Committee proceeds with the analysis based on the materiality principle on the sustainability report, and also communicate with internal and external stakeholders, and check domestic and foreign research report, literature and integrate various department's evaluation information to assess the ESG issues of materiality, sets forth the management policy which may identify, measure, supervise and control risks effectively and adopts specific action programs to mitigate the effects posed by related risks.	
III.Environmental issues (I) Does the company establish an appropriate environmental management system according to its industry characteristics?	V		For the environmental protection issues, the Company promoted the environment management system in accordance with ISO 14001 in 2000, and received the environmental management system certification. Meanwhile, it revised the version of ISO14001:2015 in 2017 and received the relevant certificate effective until November 2, 2023.	No deviation.
(II) Is the Company committed to improving the efficiency of the use of energy, and using recycled materials with low impact on environmental load?	V		1. Research and develop green products, and use the PU shoe material made of CO_2 carbon sources and biomass material, namely the renewable materials with low impact on the environmental load. 2. According to the energy acts, the average annual power saving rate per user shall reach 1% or more. According to the report on Conservation Audit Technology Information Service, the power saving rate was 1.11% in 2021 and 1.58% in 2022.	No deviation.
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take related measures?	V		In response to energy saving & carbon reduction and environmental protection, the Company worked with Experimental Forest Office of National Taiwan University in November 2009 to boost the "Enterprise Forestation Plan" and adopted the forestation land occupying an area of 1 hectare, in order to reduce damage to the ecological environment. Please refer to the Company's ESG report for details. In order to deal with the climate change, the ESG Committee inspected the energy consumption and carbon emission step by step, and adopted related energy-conservation and carbon-reduction policies to further evaluate the development of new products based on raw materials or technologies with low carbon emission.	No deviation.
(IV) Does the company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for GHG reduction, water management or other waste management?	V		1. The following refer to the statistic data, intensity (e.g. calculated based on the products, services or turnover per unit) and data coverage of all of the Company's factories in the most recent two years: (1) GHG: Replace motors of ice water machine and for cooling water, and adjust air compressor pressure and the temperature of the ice	No deviation.

Item	Status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			water machine, and use LED lamps instead. The power saved was estimated as 102,948 kWh, and the carbon reduced as 52.401 tons in 2021. (Carbon emission coefficient 0.509kg CO2 e/kWh) The power saved was estimated as 144,226 kWh, and the carbon reduced as 73.411 tons in 2022. (2) Water consumption:Practice the water-saving policy. (3) Waste: Promote garbage classification; the recycling of PE class waste achieved 3,990kg from January to December 2022. In 2023, the Company aims to achieve the recovery rate of more than 30% (PE film recycling volume/(waste plastic mixture disposal volume + PE film recycling volume)) to reduce the output of waste plastic mixture. 2. For the GHG emission reduction, water consumption reduction or other waste management policies, please refer to the Company's ESG report for details. 3. Information certification status (remaining effective by the date of publication of the annual report) and scope thereof:Please refer to the Company's ESG report for details.	
IV. Social issues (I) Does the Company establish the related management policies and procedures in accordance with the relevant laws and international human rights conventions?	V		The Company establishes the work rules and management regulations for its employees in accordance with Labor Standard Act and related laws. It defines the labor-management right and obligation in accordance with labor-related laws and also respects the principles about labors' basic human rights recognized globally. The subsidiaries in the mainland China maintain insurance for their employees and established labor unions in accordance with the local social insurance requirements.	No deviation.
(II) Does the Company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee compensation?	V		1. Employee welfare measures: The Company handles the employee remuneration, workplace diversification and equality, leave, allowances, cash gifts and subsidies, etc. in accordance with labor-related laws and regulations. All of the employees' interests and rights are protected legally. Please refer to the Company's ESG report for details. 2. How business performance or results are appropriately reflected in employee remuneration policy, and implementation thereof: According to the Company's Regulations Governing Salary Management, the salary consists of fixed and variable amount. The variable amount refers to the bonus allocated subject to the annual business results and the remuneration equivalent to 5% of the income before deduction of the remuneration according to the articles of incorporation. The variable salary is paid according to	No deviation.

Item	Status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			the Regulations Governing Salary Management. The performance evaluation covers achievement of annual budget, department performance and personal performance, work skill performance, operations management and strategic development.	
(III) Does the Company provide its employees with a safe and healthy work environment, and regularly implement employee safety and health education measures?	V		1. The Company values employees' health, and organizes the employee health checkup based on the requirements superior than those defined in the Occupational Safety and Health Act each year. According to the inspection results analysis, the dedicated personnel (together with the healthcare professionals at the factory premises) execute the control banding strictly, arrange the interview and guidance about health, and follow up and control any abnormalities. 2. Perform the general physical health checkup or special physical health checkup on new employees in accordance with the Labor Health Protection Rules. An employee may apply for the special physical health checkup fees after being hired. 3. Arrange the special health checkup each year, implement the operating environment monitoring periodically to ensure the convenient and safe working environment for employees. 4. Follow the four major management plans for prevention of the "musculoskeletal disorders induced by repetitive operations," "ailments induced by exceptional workload, such as working shifts, working at night, and long working hours" and "wrongful physical or mental harm caused by the actions of others during the execution of job duties" under the Occupational Safety and Health Act and for "Maternity Health Protection"; 5. Perform inspections, convene meetings, set themes and objectives, and improve the working environment via the 6S team. 6. Organize the employee hiking activities and establish the sports club. 7. Establish the occupational safety and health management unit dedicated to preparing, planning, supervising and promoting safety and health management operations, and performing the safety and health education and training program on employees which may organized in turn subject to the time schedule adjustable by the production unit working under the shift system, in addition to the fire drill organized once per six months, in order to improve the employees' awareness toward safety. Please refer to the Company's ESG report for details.	No deviation.
(IV) Does the Company establish an effective career development training program for	V		The Company has established education and training management methods and formulated an annual education and training plan,	No deviation.

<table>
<tr><td rowspan="2">Item</td><td colspan="3">Status (Note 1)</td><td rowspan="2">Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>employees?</td><td></td><td></td><td>which can improve the quality of manpower, enhance employees' working knowledge and skills, and organize internal and external training every year according to the training needs of various departments. Please refer to the Company’s ESG report for details.</td><td></td></tr>
<tr><td>(V) Regarding the issues, such as customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulates relevant consumer protection or customer interest policies and appeal procedures?</td><td>V</td><td></td><td>The Company has operated in accordance with relevant regulations and international standards, and has set up a special area for stakeholders on the company website, providing contact windows and contact methods for interested parties and for customers to provide comments or appeals. For details, please refer to the Company’s ESG report.</td><td>No deviation.</td></tr>
<tr><td>(VI) Does the Company formulate supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?</td><td>V</td><td></td><td>The Company's supplier management procedures and supplier evaluation form are based on ISO 9001, to regularly score and evaluate suppliers and third-party suppliers. Please refer to the Company’s ESG report.</td><td>No deviation.</td></tr>
<tr><td>V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of ESG reports and other reports that disclose the Company's non-financial information? Does the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?</td><td>V</td><td></td><td>1. The Company follows the Global Reporting Initiative Standards (GRI Standards) in preparation of its ESG report.
2. The Company’s ESG report has obtained the confidence or assurance opinion of the third-party verification unit. For the name of the verification unit, scope or items of the verification and standards adopted by it, please refer to the ESG report.</td><td>No deviation.</td></tr>
<tr><td colspan="5">VI. If the Company has its own sustainable development best practice principles based on the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe its current practices and any deviations thereof from the Best-Practice Principles:
The Company adopted its “Corporate Social Responsibility Best Practice Principles” in March 2020, and renamed it as “Sustainable Development Best Practice Principles” in 2022, and amended the provisions thereof in reference to the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” in order to practice the corporate sustainable development objectives step by step.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate understanding of sustainable development operations:
1. The Company upholds the spirits for Simplicity & Firmness, Research & Innovation, Sustainability and Profit Sharing and the practical management philosophy pursuing constant improvement, and establishes the fair two-way communication channel to serve customers trading with it and create the value chain for the community of shared life.
2. The Company has donated the sponsorship for carnivals to Taiwan Fund for Children and Families and participated in the bazaar physically since 2009. Since this year, the Company has also participated in the activity for raising of Lunar Year dishes organized by Huashan Social Welfare Foundation, in order to feed back to the society through participation in the public welfare activities.
Additionally, a total of 1 individual participated in the industry-academia cooperation in 2022.
3. The Company’s plant uses its best efforts to protect the environment to achieve the sustainability and fulfill the corporate social responsibility. The multiple advanced pollution prevention equipment owned by the plant is stated as following:Please refer to the ESG report.
A. Liquid-injected incinerator: The particulate matter emission control standard values applicable to such equipment are 50mg/Nm3 (new pollution sources) and 100</td></tr>
</table>

Item	Status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	

mg/Nm3 (existing pollution sources) in the process of combustion. The plant has reviewed the boilers and incinerators and adopted the eco-friendly fuel (change from heavy oil to natural gas) since 2014, in order to commit itself to practice the "recognition of environmental safety and fulfillment of improvement" declared by the SHE policy. The plant processes the high-concentration COD waterbody generated by evacuation in the process of production of the "polyester polyol". If it exceeds the waste water treatment load, it will be treated by the incinerator at the plant in accordance with the "Small-Sized Waste Incinerator Dioxin Control and Emission Standards". Meanwhile, the Boiler Air Pollutant Emissions Standards has been made public on September 19, 2018. The particulate matter emission control value applicable to the existing boilers should be 30 mg/Nm3 (since Jully 1, 2020). As the plant adopts such eco-friendly fuel as natural gas, the permit extension test report shows that the particulate matter emission control value is <30 mg/Nm3.

B. Waste water treatment equipment: Store, manage and treat the esterified water D-1505 waste (sewage) water and cooling waste water generated in the process of the production of the "polyester polyol", and domestic waste water in the form of ultra-high, high and low-concentration COD waterbody. The waste water treatment equipment invested by the plant is engaged in discharging the organic matters contained in the waste water treated and decomposed by the two-step biological treatment process in the equalization basin upon mixing into the sewage sewer of the industrial park. The discharged water quality upon the treatment satisfies the industrial park's emission standard (COD<640mg/L).

C. Organic gas biological filter bed treatment equipment: In order to process VOCs effectively, the plant adopts high-efficiency low-carbon volatile organic matter control technology, the biological filter bed, to process the Company's VOCs of odor substance or organic compounds, in accordance with the "Volatile Organic Compounds Air Pollution Control and Emission Standards".

(VI) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / TPEx Listed Companies:

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Enactment of ethical management policy and program (I) Does the Company formulate the ethical management policy approved by the board of directors, and in the regulations and external documents expressed the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement business policies?	V		(I) The Company has established "Ethical Corporate Management Best Practice Principles" and disclosed them on the market observation post system. Amendments to the Principles must be approved by the board of directors, and the Board of Directors and senior management are committed to to actively implementing business policies.	No deviation.
(II) Has the company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? "	V		(II) The Company stipulates the prevention of dishonesty in Article 6 of the "Ethical Corporate Management Best Practice Principles" and sets out operating procedures, behavior guidelines, disciplinary penalties and appeal systems, and covers at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies."	
(III) Does the company specify the operating procedures,	V		(III) The Company has established its Procedures for	

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			Ethical Management and Guidelines for Conduct. under which the operating procedures, behavioral guidelines, punishments, and appeals systems for violations are clearly established and implemented. Furthermore, it regularly reviews the state of interest in the disclosure plan prior to amendments and standardizes the scope of defense.	
II. Implementation of ethical management (I) Does the Company assess a trading counterpart's ethical management record, and expressly state the ethical management clause in the contract to be signed with the trading counterpart?	V		(I) The Company will assess the trading counterpart's ethical management record, and expressly state the ethical management best-practice principles to be followed.	No deviation.
(II) Has the company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?	V		(II) The Company's "ethical corporate management best-practice principles" provide that the Board of Director shall designate a unit dedicated to establishing, supervising and implementing the ethical corporate management policy and preventive program, if necessary, and to reporting the status thereof to the Board of Directors periodically. For the time being, the unit is acted by Administration Department.	
(III) Does the Company define any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	V		(III) The Company's directors and managerial officers may state to the Company's management voluntarily from time to time whether there is any conflict of interest between them and the Company. If any motion proposed at a directors' meeting involves a conflict of interest with them per se or any juristic persons represented by them and thereby causes harm to the Company's interest, they may state their opinion and responses and be prohibited from participating in discussion and voting. They shall recuse themselves from discussion and voting or exercising voting power on behalf of any other director. The directors shall be self-disciplined, and prohibited from backing up each other inadequately.	
(IV) Does the company establish an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant	V		(IV) The Company has established the internal control system and accounting system which operate effectively. The internal auditors will audit related transactions periodically and report the audit result	

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
audit plans, and check the compliance with the plan to prevent dishonesty, or entrust an accountant to perform the audit? (V) Does the Company organize internal/external education training program for ethical management periodically?	 V		to the Board of Directors. (V) The Company will organize internal/external education training program for ethical management periodically, and promote the program from time to time.	
III. Status of the Company's whistleblowing system (I) Does the Company define a specific whistleblowing and reward system, and establish some convenient whistleblowing channel, and assign competent dedicated personnel to deal with the situation? (II) Has the company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms? (III) Does the Company adopt any measures to prevent the whistleblowers from being abused after the whistleblowing?	 V V V		(I) The whistleblower may feed the violation of the ethical management principles back to Administration Department in writing. Administration Department shall keep the whistleblower's identity and contents of the whistleblowing case in confidence. The Company disciplines the personnel acting against the ethical management principles pursuant to the relevant personnel regulations. If the personnel disagree with the discipline, they may file an appeal based on the facts. (II) The Company's "ethical corporate management best-practice principles" and "guidelines of ethical conduct" have defined the standard operating procedure for investigation into the whistleblowing cases and related nondisclosure mechanism. (III) The Company has established the "Operating Procedure for Whistleblowing Channels and Protection of Whistleblowers" to define the procedure for investigation into the whistleblowing cases and related nondisclosure mechanism.	No deviation.
IV. Enhancing Information Disclosure Does the company, on its website and on the market observation post system, disclose the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles	V		The Company's ethical corporate management best-practice principles are disclosed on the Company's website and the MOPS.	No deviation.
V. If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best-Practice Principles: The Company's "Ethical Corporate Management Best-Practice Principles" has been passed at the directors' meeting. The Company upholds the practical management philosophy for "Simplicity & Firmness, Research & Innovation, Sustainability and Profit Sharing" pursuing constant improvement. Meanwhile, the Company establishes the fair corporate governance and risk control mechanism and creates the operating environment for sustainability based on the ethical corporate				

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
management, in order to satisfy the spirits upheld in the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.				
VI. Other information that enables a better understanding of the Company's ethical corporate management:(e.g. review and amendments on the ethical corporate management best-practice principles established by itself):None.				

(VII)If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles: For the Company’s governance code and related governance regulations, please check the Company’s website.

(VIII)Other important information sufficient to enhance the understanding of the operation of corporate governance:please refer to the market observation post system (http://mops.twse.com.tw/) “corporate governance” area and the section “Information on the rules and regulations for corporate governance.”

(IX) Implementation of the internal control system

1. Statement of Declaration on Internal Control

Evermore Chemical Industry Co., Ltd.

EVERMORE CHEMICAL INDUSTRY CO., LTD. Tel: 886-49-2263551
No. 7, Gongye S. 2nd Rd., Nantou City, Nantou County 540, Taiwan (R.O.C.) Fax: 886-49-2253912

EVERMORE CHEMICAL INDUSTRY CO., LTD.
Statement of Declaration on Internal Control System

Date: March 14, 2023

The following declaration had been made based on the 2022 self-assessment of the Company's internal control system:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. environment control; 2. risk assessment; 3. control process; 4. information and communication; and 5. supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.

IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.

V. In accordance with the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of our internal control system (including monitoring and management on subsidiaries) as of December 31, 2021, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of aforementioned goals.

VI. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in said published contents will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal responsibilities.

VII. The Statement was passed unanimously without objection by all 9 Directors present at the Board meeting dated March 14, 2023.

Evermore Chemical Industry Co., Ltd.

Chairman of Board: Ho Wen Chieh (seal/signature)

General Manager: Huang Chang Tze (seal/signature)

2. The special internal control audit report issued by the CPA, if any: N/A.

(X) If, in the most recent year and as of the date of publication of the annual report, the Company and its internal personnel have been disciplined according to law, or the Company has disciplined its internal personnel for violating the provisions of the Internal Control System, the contents of the disciplinary measures should be listed, as well as the main deficiencies and improvements: None.

(XI) Important resolutions reached in the shareholder's meeting and Board meetings during the most recent year and up to the date of publication of the annual report:

1. Shareholders' meeting minutes available in 2022 and until the date of publication of the annual report:

Date		Contents	Resolutions	Status
Annual General Meeting on June 28, 2022	Matters to be Ratified	1. Adoption of the Business Report and Financial Statements for 2021	Passed unanimously.	-
		2. Adoption of earning distribution plan in 2021	Passed unanimously.	No stock dividends were distributed in 2021.
	Matters to be Discussed	1. Amendments to some provisions of the "Articles of Incorporation."	Passed unanimously.	Implemented in accordance with the amended Articles of Incorporation.
		2. Amendments to some provisions of the "Procedure for Acquisition or Disposal of Assets."	Passed unanimously.	Already implemented in accordance with the amended procedures.
		3. Termination of the non-competition restrictions imposed on directors.	Passed unanimously.	-

2. Important Board resolutions in 2022 and up to the date of publication of the annual report:

Date	Contents	Resolution
January 25, 2022	1. Appointment of the directors of the subsidiary, LEADERSHIP. 2. 2022 budget. 3. Change the external auditors, in response to the internal business adjustment of the accounting firm. 4. Motion for assessment on independence and competence of the CPAs certifying the Company's financial statements. 5. Allocation of 2021 year-end bonus to managerial officers.	Passed unanimously.
March 15, 2022	1. Presentation of the Company's 2021 Statement of Declaration on Internal Control System. 2. Making of endorsements/guarantees for POU CHIEN CHEMICAL CO., LTD. 3. Allocation of 2021 remuneration to employees and directors. 4. Review on 2021 parent company only financial statements and consolidated financial statements. 5. 2021 earnings distribution. 6. Amendments to some provisions of the "Articles of Incorporation." 7. Amendments to some provisions of the "Procedure for Acquisition or Disposal of Assets." 8. Convention of 2022 annual general meeting.	Passed unanimously.
May 10, 2022	1. Review on 2022 Q1 consolidated financial statements. 2. Amendments to some provisions of the "Operating Procedure for the Handling of Internal Important Information" 3. Amendments to the "Internal Control System" and "Internal Audit Implementation Rules." 4. Amendments to the "Corporate Social Responsibility Best Practice Principles." 5. Amendments to the "Corporate Governance Best Practice Principles." 6. Termination of the non-competition restrictions imposed on directors. 7. Convention of 2022 annual general meeting.	Passed unanimously.
June 28, 2022	1. Capital increase in VIETNAM SUM YAD TECHNOLOGY LIMITED 2. Allocation of 2021 remuneration to directors/supervisors 3. Allocation of 2021 employee remuneration to managerial officers	Passed unanimously.
August 9, 2022	1. Review on 2022 Q2 consolidated financial statements. 2. Amendments to the internal control system 3. Addition of the UV monomer production line.	Passed unanimously.
November 8, 2022	1. Review on 2022 Q3 consolidated financial statements. 2. 2023 internal audit plan. 3. Guarantee/endorsement for TOP WELL ELASTIC TECHNOLOGY CO., LTD. 4. Amendments to some provisions of the "Operating Procedure for the Handling of	Passed unanimously.

Date	Contents	Resolution
	Internal Important Information and Prevention of Insider Trading." 5. 2024 budget.	
January 18, 2023	1. Taipei Fubon Bank short-term loan contract renewal. 2.Loaning to TOP WELL ELASTIC TECHNOLOGY CO., LTD. 3. Amendments to some provisions of the "payroll cycle" and "Enforcement Rules for Internal Audit on Payroll cycle." 4. Change the external auditors, in response to the internal business adjustment of the accounting firm. 5. Motion for assessment on independence and competence of the CPAs certifying the Company's financial statements. 6.Motion for allocation of 2022 year-end bonus to managerial officers.	Passed unanimously.
March 14, 2023	1. Presentation of the Company's 2022 Statement of Declaration on Internal Control System. 2. Allocation of 2022 remuneration to employees and directors. 3. Review on 2022 parent company only financial statements and consolidated financial statements. 4. 2022 earnings distribution. 5. Termination of the non-competition restrictions imposed on directors. 6. Convention of 2023 annual general meeting. 7.Amendments to some provisions of the "Rules of Procedure for Board of Directors Meetings." 8.Mega Bank short-term loan contract renewal. 9.. Making of endorsements/guarantees for POU CHIEN CHEMICAL CO., LTD. 10. Amendments to the internal controls and enforcement rules of internal audit thereof.	Passed unanimously.

(XII) The main contents of important resolutions passed by the Board of Directors regarding in which directors in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of the annual report: None.

(XIII)In the most recent year and as of the date of publication of the annual report, the company chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor, etc.: No such situation.

V. Information about External Auditor's Professional Fee:

Information about External Auditor's Professional Fee

Currency Unit: NTD thousand

Name of CPAs Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees (Note)	Total	Remark
Deloitte & Touche	Ting-Chien Su	January 1, 2022~December 31, 2022	3,535 thousand	200 thousand	3,735 thousand	
	Tai Hsin Wei	January 1, 2022~December 31, 2022				

Note: The non-auditing fees refer to those for tax certification.

(I) Replacement of the CPA firm and reduction in audit fees paid during the year of replacement compared with the previous year:
N/A.

(II) The audit fees decreased by more than 10% compared with the previous year: None.

(III)The assessment report on independence of the external auditor certifying the Company's financial statements:

According to the Company's "Regulations Governing Assessment on Independence and Competence of CPAs", the Company conducted the assessment on independence and competence of the CPAs as following, and submitted the assessment to the Company's 1st Board meeting in 2022.

Item No.	Scope of Assessment	Yes	No	Remark
1.	Do the CPAs act as the Company's external auditors for no more than 7 years consecutively?	V		
2.	Do the CPAs not collect any related commission?	V		
3.	Do the CPAs not hold any shares int he Company?	V		
4.	Do the CPAs not hold any regular position in the Company with fixed pay concurrently?	V		
5.	Do the CPAs not co-invest or share profit with the Company?	V		
6.	Do the CPAs not hold the position as directors, supervisors or managerial officers or any position that might affect the audited cases materially in the Company, currently or within the most recent two years?	V		
7.	Are the CPAsnot the relatives of the Company's directors, supervisors or managerial officers, or staff holding the position that might affect the audited cases materially?	V		
8.	Does the audit service team satisfy the criteria about independence referred to in Statement No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China?	V		Statement of Declaration
9.	Is the review or audit report completed within the agreed time limit?	V		
10.	Does the audit report guarantee specific accuracy?	V		
11.	Does the CPAs pose positive suggestions against the Company's management system and internal control audit, and are the same recorded?	V		
12.	Do the CPAs provide the Company with the information about update and amendments to laws & regulations and relevant training courses voluntarily?	V		
13.	Do the CPAs help the Company communicate and coordinate with the competent authority?	V		

Date of Assessment: January 25, 2022

Evaluation result: In line with the independence and suitability of accountants

VI. Information about Replacement of CPAs

(I) About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">Q4 2021</td></tr>
<tr><td>Cause and Remarks</td><td colspan="4">Due to the internal job transfer within Deloitte & Touche, the Company has adjusted its external auditors from Ting-Chien Su and Wu Li Tung to Tai Hsin Wei and Ting-Chien Su since Q4 2021.</td></tr>
<tr><td rowspan="3">To specify whether the client or CPA terminates or rejects the appointment</td><td colspan="2">Principal / Statusx</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Terminate the appointment voluntarily</td><td>V</td><td></td></tr>
<tr><td colspan="2">No longer accept (continue) the appointment</td><td></td><td></td></tr>
<tr><td>Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof</td><td colspan="4">None.</td></tr>
<tr><td rowspan="7">Disagree with the Company?</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Scope or steps of audit</td></tr>
<tr><td></td><td colspan="2">Any others?</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None.</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (To be disclosed under the subparagraphs 6.1(4)~<u>(7) of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.)</u></td><td colspan="4">None.</td></tr>
</table>

(II) About the succeeding CPA

Name of CPA Firm	Deloitte & Touche
Name of CPA	Tai Hsin Wei, CPA and Ting-Chien Su, CPA
Date of appointment	Passed by the Board of Directors in January 2022
Consultation about the accounting treatment of or application of accounting principles to a specific transaction and the type of audit opinion that might be rendered prior to the formal engagement	None; N/A.
Written opinion from the succeeding CPA regarding the matters disagreed by the former CPA	None; N/A.

(III) The former CPA’s response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies:N/A.

VII. Name of CPAs Firm or its affiliates in which the Company’s Chairman, president, financial or accounting manager is an employee over the past year:None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent year and until the date of publication of the annual report:

Directors, managers and major shareholders' equity changes

Job title	Name appointment	2022		Ended on April 29, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Ho Wen Chieh	0	0	0	0
Director	Aica Kogyo Company, Limited	0	0	0	0
	Representative: Omura Nobuyuki	0	0	0	0
	Representative: Ichikawa Toyoake (Discharged on April 18, 2022)	0	0	0	0
	Representative: Ebihara Kenji (Discharged on April 18, 2022)	0	0	0	0
	Representative: Sawada Kenzo (appointment on April 18, 2022) (Discharged on November 1, 2022)	0	0	0	0
	Representative: Mori Yosuke (appointment on April 18, 2022)	0	0	0	0
	Representative: Nishino Go (appointment on November 1, 2022)	0	0	0	0
Director	Yue Dean Technology Co., LTD.	0	0	0	0
	Representative: Tsai Nai-Yung (Discharged on May 11, 2022)	0	0	0	0
	Representative: Shih Chih-Hung (appointment on May 11, 2022)	0	0	0	0
Independent director	Higashiyama Mikio	0	0	0	0
Independent director	Chueh Liang-Wu	0	0	0	0
Independent director	Chen Chun-Cheng	0	0	0	0
Director/President	Huang Chang Tze	0	0	0	0
Group Vice President	Lee Ching Song	0	0	0	0
Assistant Vice President	Wang Shih Chieh	0	0	0	0
Financial Manager	Wu Pao Hua	0	0	0	0
Accounting Manager	Chen Hsiang Li	0	0	0	0
Assistant Vice President	Liu Shih Wei	0	0	0	0

Note: 1. Stock transfer information: None.
2. Equity pledge information: None.

IX. Information on the relationship of the ten largest shareholders, related parties, spouse, or relative within the second degree of kinship:

Information about the relationship of the ten largest shareholders:

April 29, 2023

Name	Shareholdings by oneself		Shares held by spouse or underage children		Total shares held in the names of others		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names or designations, and relationships		Remark
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Designation (or name)	Relationship	
Aica Kogyo Company, Limited - Representative: Omura Nobuyuki Representative: Mori Yosuke Representative: Nishino Go	49,793,388	50.10%	0	0	0	0	None.	-	-
Ho Wen Chieh	7,003,532	7.05%	1,743,657	1.75%	0	0	Li Tsui Chu	Spouse	-
Ho Chi Lin	4,500,000	4.53%	0	0	0	0	Ho Wen Chieh	Child	-
Ho Han Jen	4,500,000	4.53%	3,000	0	0	0	Ho Wen Chieh	Child	-
Baojian Enterprise Co., Ltd. Chairman: Ho Ming-Kun	3,352,771	3.37%	0	0	0	0	None.	-	-
Liu Wei Tung	2,255,412	2.27%	88,574	0.09%	0	0	None.	-	-
Lu Hui Pin	2,196,193	2.21%	2,647	0.00%	0	0	None.	-	-
Pou Chien Technology Co., Ltd. Chairman: Chen Yu-Chun	2,181,750	2.20%	0	0	0	0	Yue Dean Technology Co., LTD.	Same as the Chairman of Board	-
Yue Dean Technology Co., LTD. Chairman: Chen Yu-Chun	1,786,760	1.80%	0	0	0	0	Pou Chien Technology Co., Ltd.	Same as the Chairman of Board	-
Li Tsui Chu	1,743,657	1.75%	7,003,532	7.05%	0	0	Ho Wen Chieh	Spouse	-

X. The number of shares held by the Company, its directors, supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company on the same investee and also, the consolidated comprehensive shareholding ratio: None.

Four. Information on Capital Raising

I. Capital and Shares

(I) Source of capital

Year/ Month	Issue price	Authorized capital stock		Paid-in capital stock		Remark					
		Quantity of shares	Amount	Quantity of shares	Amount	Capital share Source	Offset by any property other than cash	Effective date	Doc. No.	Amount	Others
May 1989	NT$10	600,000	6,000,000	600,000	6,000,000	Own capital	None	-	Initial capital at the time of incorporation	6,000,000	None.
October 2006	NT$13.25	120,000,000	1,200,000,000	89,700,000	897,000,000	Cash capital increase by private placement	None	October 18, 2006	Jing-Shou-Shang-Zi No. 09501234720	100,000,000	None.
August 2008	NT$10	120,000,000	1,200,000,000	93,288,000	932,880,000	Recapitalized from earnings	None	August 20, 2008	Jing-Shou-Shang-Zi No. 09701207050	35,880,000	None.
November 2011	NT$10	120,000,000	1,200,000,000	91,788,000	917,880,000	Cancellation of treasury shares Capital decrease	None	November 24, 2011	Jing-Shou-Shang-Zi No. 10001268740	-15,000,000	None.
March 2013	NT$13.87	120,000,000	1,200,000,000	102,388,000	1,023,880,000	Cash capital increase	None	March 13, 2013	Jing-Shou-Shang-Zi No. 10201045750	106,000,000	None.
February 2015	NT$10	120,000,000	1,200,000,000	99,388,000	993,880,000	Cancellation of treasury shares Capital decrease	None	November 24, 2011	Jing-Shou-Shang-Zi No. 10001268740	-30,000,000	None.

Note: Only the information about the capital at the time of incorporation and for the most recent five years is available.

Type of share	Authorized capital			Remark
	Outstanding (Note 1)	Unissued	Total	
Common shares	99,388,000	20,612,000	120,000,000	-

Note:1. The stock refers to stock traded on TWSE.

2. Information relevant to the aggregate reporting policy: None.

(II)Shareholders' structure

April 29, 2023

Quantity/Shareholders' Structure	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	1	1	11	3,910	17	3,940
Shares held	126	1,642,829	7,733,168	40,007,027	50,004,850	99,388,000
Shareholding (%)	0	1.65	7.78	40.26	50.31	100

(III)Distribution of equity

April 29, 2023

Shareholding category	Number of shareholders	Shares held	Shareholding
1 ~ 999	2,534	322,989	0.32
1,000 ~ 5,000	1,030	1,991,849	2.00
5,001 ~ 10,000	143	1,112,411	1.12
10,001 ~ 15,000	63	803,076	0.81
15,001 ~ 20,000	18	327,797	0.33
20,001 ~ 30,000	54	1,315,549	1.32
30,001 ~ 40,000	17	604,826	0.61
40,001 ~ 50,000	9	418,382	0.42
50,001 ~ 100,000	29	2,069,381	2.08
100,001 ~ 200,000	20	2,763,366	2.78
200,001 ~ 400,000	5	1,438,329	1.45
400,001 ~ 600,000	3	1,463,600	1.47
600,001 ~ 800,000	2	1,280,475	1.29
800,001 ~ 1,000,000	0	0	0
More than 1,000,001	13	83,475,970	84.00
Total	3,940	99,388,000	100

Note:The Company didn't offer preferred stock.

(IV)List of major shareholders

Shareholders with a stake of 5 percent or greater

April 29, 2023

Name of Major Shareholder	Shares held	Shareholding
Aica Kogyo Company, Limited	49,793,388	50.10%
Ho Wen Chieh	7,003,532	7.05%
Ho Chi Lin	4,500,000	4.53%
Ho Han Jen	4,500,000	4.53%
Baojian Enterprise Co., Ltd.	3,352,771	3.37%
Liu Wei Tung	2,255,412	2.27%
Lu Hui Pin	2,196,193	2.21%
Pou Chien Technology Co., Ltd.	2,181,750	2.20%
Yue Dean Technology Co., LTD.	1,786,760	1.80%
Li Tsui Chu	1,743,657	1.75%

(V) Information on market value, net worth, earnings and dividends per share during the most recent two years

Item			2021	2022	Ending on March 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		20.45	18.55	16.65
	Lowest		16.00	13.50	14.50
	Average		18.53	15.94	15.83
Net worth per share (Note 2)	Before distribution		14.41	15.05	15.27
	After distribution		14.41	14.55 (Note 9)	Undistributed
Earnings per share	Weighted average shares (thousand shares)		99,388	99,388	99,388
	Earnings per share (before adjustment/after adjustment) (Note 3)		0.10	0.35	0.21
Stock dividend per share	Cash dividend		0	0.5 (Note 9)	Undistributed
	Stock bonus	Stock dividend from retained earnings	-	-	-
		Stock dividend from capital surplus	-	-	-
	Accumulated unpaid dividend (Note 4)		-	-	-
ROI analysis	P/E ratio (Note 5)		177.60	45.49	N/A.
	P/D ratio (Note 6)		-	31.84	N/A.
	Cash dividend yield (Note 7)		-	3.14	N/A.

Note 1: Please identify the highest and lowest market price per share of common stock for each fiscal year and calculate each fiscal year's average market price based on the trading value and trading volume of each year.

Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the Board of Directors meeting, or the shareholders' meeting of next year.

Note 3: If retroactive adjustment is needed due to allocation of stock bonus, please identify the earnings per share before and after the adjustment.

Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.

Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8: The information about net worth per share and earnings per share to be specified shall refer to the information available during the most recent quarter until the date of publication of the annual report, which has been audited (reviewed) by the CPA, while the other sections shall specify the information available in the current year until the date of publication of the annual report.

Note 9: Passed by the Board of Directors, but pending resolution by a shareholders' meeting.

(VI) Dividend policy and implementation thereof

1. The Company's dividend policy:

If there are surpluses in the Company's final accounts, taxes and accumulated losses shall be paid out of such surpluses first, 10% of them shall be set aside as statutory surplus reserves, a provision for or reversal of special surplus reserves shall be made according to law, with the balance of such earnings (if any) paid to shareholders as dividends after a resolution is adopted at the general meeting.

The Company is engaged in the manufacture and sale of PU resin. It is a technology-intensive, mature and profitable chemical industry. Due to the need for technological upgrading, it is possible for the Company to expand its factories in the next few years. With reference to the remaining dividend policy and to the extent meeting optimal capital budget and the requirements for dilution of earnings per share, the annual surpluses allocated per year account for at least 50% of the surpluses available for distribution in principle, when dividends are declared to shareholders, the proportion of cash dividends shall not be less than 25%.

2. Implementation thereof:

The dividend proposed to be distributed at the shareholders' meeting satisfies the Company's dividend policy:

	allocated per share (NT$)	Source
Cash dividends	0.5	Unappropriated earnings
Total	0.5	*

3. Expected significant changes in the dividend policy: None.

(VII) The effects of stock bonus proposed at this general shareholders' meeting on business performance and earnings per share: N/A.

(VIII) Remuneration to employees and directors

1. The percentages or ranges with respect to remuneration to employees and directors, as set forth in the Company's Articles of Incorporation

If the Company makes profits in the year, 3% to 5% of the profits shall be reserved to pay employee remuneration and no more than 2% of the profits reserved to pay director remuneration. However, if the Company has accumulated losses, the profits shall be reserved in advance to cover the losses.

2. The basis for estimating the amount of remuneration to employees and directors for calculating the number of shares to be distributed as the remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

(A) The basis for estimating the amount of remuneration to employees and directors for the current period:
Based on the percentages resolved by the Board of Directors or defined under the Articles of Incorporation (at 3%~5% and 2%)

(B) The basis for calculating the number of shares to be distributed as the remuneration to employees:
The operating costs or operating expenses for the current year were stated based on the closing price applicable on the date preceding to the date of resolution made by the shareholders' meeting and by taking the ex-right and ex-dividend factors into account.

(C) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:The significant changes in the amount distributed per resolution made by the Board of Director prior to the date of approval and publication of the annual financial statements, if any, were stated as the initial annual expenses, while the changes in the amount after the date of approval and publication of the financial statements should be treated as the changes in accounting estimates and stated in next year.

3. Allocation of remuneration passed by the Board meeting:

(A) According to the motion for allocation of 2022 remuneration passed by the Board meeting on March 14, 2023, the remuneration to employees should be NT$2,352,799 thousand and the remuneration to directors NT$941,119 thousand, both to be allocated in cash. There is no difference between the amount resolved by the Board of Directors and the amount estimated in the year the expense was recognized.

(B) No remuneration to employees was allocated in the form of stock.

4. Actual allocation of remuneration to employees and directors in the previous year:

(A) The actual allocation of remuneration to employees and directors in 2021:

Unit: NT$

Item	Initial motion for allocation passed by the Board meeting	Actual allocation	Variance
Remuneration to employees	202,663	202,663	0
Remuneration to directors	81,064	39,913	41,151

(B) If there is a discrepancy between the remuneration of the recognized employees and directors, please specify the difference, reason and handling situation:The difference between the remuneration of the directors belongs to the remuneration of the directors who should be paid to directors Aica Kogyo Company, Limited. Since the director voluntarily renounced the collection, the company has transferred other income in 2022.

(IX) Repurchase of the Company's shares: None.

II. Status of corporate bond:None.

III. Status of preferred stock:None.

IV. Status of overseas deposit receipts: None.

V. Status of employee stock option certificates: None.

VI. Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VII. Implementation of capital utilization plan: None.

Five. Overview of Operations

I. Descriptions of business

(I) Scope of business:

1. Major lines of business:

Synthetic Resin and Plastic Manufacturing; Industrial and Additive Manufacturing; Manufacture of Resin and Adhesive for Synthetic Leather, Cloth, Sheets, Pipes and Tubes; Other Chemical Materials Manufacturing; Other Chemical Products Manufacturing; Wholesale of Industrial Catalyst; Wholesale of Chemical Feedstock; Wholesale of Other Chemical Products; International Trade; All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Relative weight of each business line:

Type of product	% of consolidated operating revenue
PU synthetic resin	82%
PE resin	5%
Other products	13%
Total	100%

3. Current products of the Company:

A. PU resin for synthetic leather.
B. PU resin for textile sizing and lamination.
C. PU resin for split leather.
D. Polyester polyol.
E. General/low free monomer bridging agent.
F. Adhesive for shoes.
G. PU resin for printing ink.
H. TPU plastic pellets.
I. Waterproof and moisture PU resin.
J. Waterborne PU dispersion.
K. Surface treatment agents.
L. PU foam system material for shoe materials.
M. Food packaging composite film adhesive.
N. reactive PU hot melt adhesive.
O. Light curing monomer, oligomer and system products.
P. Polymer polyester plasticizer.
Q. Other foundry products.

4. New products planned for development:

The Company plans to combine the Group's resources to invest projects that will make contribution to the SDGs (Sustainable Development Goals) in 2023, including:

A.SDG3 good health and well-being:
- i.Formaldehyde-free ultra-low TVOC grade polyurethane reactive hot melt adhesive corresponding to healthy housing
- ii.Benzene- and ketone-free polyurethane ink resin corresponding to non-toxic packaging

B.SDG 6 clean water & sanitation:
- i.Light-curing acrylate monomer corresponding to sustainable waste water-free process

C.SDG 8 decent work and economic growth:
- i.High-production-efficiency special light-curing acrylic ink coating
- ii.High-production-efficiency special light-curing acrylic monomer
- iii.Light-curing acrylic resin applied to three-dimensional surface decoration method

D.SDG 9 industry, innovation and infrastructure:
- i.Low free bridging agent for high-durability automotive non-yellowing refinish paint

E.SDG 11 sustainable cities and communities:
- i.Ultra-high solid content & low energy consumable waterborne polyurethane resin
- ii.Water-based VOC-free polyurethane bridging agent
- iii.Adhesive for solvent-free aluminum foil film

F.SDG 12 responsible consumption and production:
- i.Recyclable supercritical nitrogen foamed thermoplastic polyurethane materials for bicycles.
- ii.Recyclable thermoplastic polyurethane materials for hospital beds
- iii.Polyurethane coating materials for textiles renewed by recycling of the PET raw materials
- iv.Bluesign® certified polyurethane materials for textiles

G.SDG 13 climate action:

i. Polyurethane midsole materials for low-carbon sports shoes developed based on raw materials derived by carbon capture technology

ii. Polyurethane midsole materials for low-carbon waterproof and moisture films developed based on raw materials derived by carbon capture technology

iii. Solvent-based polyurethane materials developed based on biomass raw materials

H.SDG 15 life on land:

i. Glued laminated timber structural adhesive for sustainable use of forest resources

According to said R&D plan, the Company expects to raise the sales volume of products that may make contribution to SDGS as 47% or more.

(II) Overview of the industry:

1. Overall economic situation for 2022:

In consideration of the outbreak of Russia-Ukraine War, lockout policy in Shanghai, China, and global inflation, the global economic growth rate was 3.4% in 2022, declining significantly from 5.9% in 2021. Despite the lifting of the lockout policy by various countries' governments in the post-epidemic era, in an attempt to save the economic environment, in 2022, the outbreak of Russia-Ukraine War resulting in the high inflation has weakened the people's livelihood consumption significantly. Meanwhile, after the port congestion issue was solved in 2021, for lack of terminal demand, all supply chain ends of the manufacturing industry showed high inventory levels. Besides, in order to suppress the inflation, various countries' government kept escalating interest rate to suppress the inflation raten. As a result, the pressure on the enterprises' operations was intensified so as to restrain the private consumption. The global economic behavior and environment were obviously weak in 2022.

Looking forward to 2023, the IMF forecast in the World Economic Outlook that the global economic growth rate in 2023 will decline from 3.4% in 2023 to 2.9%, and is expected to recover slightly as 3.1% in 2024. IMF also forecast that the fuel and commodity prices would decline, and in consideration of the impact posed by the tightening of various countries' monetary policy, the global inflation rate would be mitigated and become 6.6% in 2023 after the peak at 8.8% in 2022, but would decline until 4.3% in 2024. The country Inflation rate, 84%, will slow down this year. Emerging markets and developing economies are expected to lead the global economic growth. The YoY growth rates are expected to be 4% and 4.2% this year and next year, higher than that, 3.9%, last year. It means that 2023 will still be a tough year for the market environment of business operations.

2. Related industries in 2022:

PU upstream raw materials:

The outbreak of Russia-Ukraine War in February 2022 and lockout policy implemented in Shanghai, China in March 2022 caused the soaring price of upstream raw materials and also the short supply. Customers in the downstream segment of the industry were worried about the disruption in supply chain, and began to implement strong inventory draw since February. Therefore, the PU and UV-related raw materials supply industry delivered remarkable sales performance in Q1 and Q2 of 2022. The PU and UV-related manufacturing industries were benefited therefor.

In the mid of Q2 of 2022, the lockout policy was lifted in Shanghai and the shipping price dropped significantly. The bulk PU and UV related raw materials stayed at a high inventory level due to the previous difficulty in transportation, and destock was needed badly. As a result, the raw materials price declined significantly. Besides, as the port congestion issue was pending, the demand at the end has shrunk significantly, resulting in the large oversupply of raw materials. In Q3 and Q4 of 2022, the persisting Russia-Ukraine War and the lack of energy in Europe resulted in the outbreak of global inflation. People's livelihood consumption has declined, resulting in sluggish demand. The overall supply chain stayed at high inventory level. Given this, reduction in the inventory level became the first priority objective.

Generally, in 1H of 2022, the PU and UV related raw materials price has attained the new high in recent years. In 2H of 2022, the price declined rapidly. Looking forward to 2023, the PU and UV related raw materials supply & demand and price will become very unstable. Therefore, the only way to maintain the operating profit is to keep observing the pulse of the upstream, midstream and downstream segments and to maintain stable procurement, production and sales.

Downstream segment of the industry:

At the beginning of 2022 when the Russia-Ukraine War broke out, the high energy price resulted in the high inflation issue. Various countries' governments kept escalating the interest rate, in an attempt to suppress the inflation. As a result, the demand at the end became sluggish in the post-epidemic era, and each segment in the supply chain aimed to reduce the inventory. At the end of 2022, the high inflation was not suppressed effectively, but the people's livelihood consumption shrank. Accordingly, the relevant suppliers had trouble in running the business about PU and UV related products.

3. Looking forward to 2023, the post-epidemic era, the pending Russia-Ukraine War, the escalation of cross-strait issues, the global inflation issue remaining unsolved, and the intensified confrontation between the United States and China are the most important factors critical to the global economy directly. Notwithstanding, as Taiwan is an export-oriented economy and needs to import bulk raw materials. 2023 is considered as a potential crisis for Taiwan's economic recovery in 2022. Besides, for the climate change issue, the energy conservation and carbon reduction policy becomes very important in 2023. Therefore, in consideration of the strong demand for environmental protection, energy conservation and carbon reduction, recycling and regeneration, Taiwan needs to continue developing the correspondent products, and also needs to break through the existing difficulty and limitation to develop, produce and sell differentiated and niche-type products. In other words, remarkable operating profit and results will be the key and basis for transformation in 2023. Given the continuing changes in the economic structure of the Asian region, past reliance on mainland China is clearly set to undergo a shift to the South East Asia region, due to the de-sinicization implemented in the world. The South East Asian region should be more active with the launch of Taiwan's New Southbound Policy. Evermore will invest more resources in Vietnam, Thailand, Indonesia and other countries from 2023 onwards to obtain greater efficiency and output.

Since AICA Group invested in Evermore at the beginning of 2018, some profit has been sought through both parties' continuous close and thorough cooperation. The low free hardener, non-yellowing hardener, reactive PU hot melt adhesive, light curing monomer and oligomer manufactured by Evermore complemented the AICA Group's sales in the fields including construction materials, flooring, industrial coating and automobile, but have also been introduced into the markets including Japan, Korea, China and Indonesia. In 2023, it will expand its investment more precisely and specifically to aim at the development and sale of the Blue Ocean products based on which the Group achieved the synergy, in order to expand the Group's profit.

In 2023, we will continue to focus on green products that meet the needs of environmental protection, energy-conservation and carbon-reduction, recycling and reuse policies. In doing so, we will continuously cooperate with customers to adjust the solvents and reduce the amounts of formulas in response to the customers' needs to respond to the policies. After results are obtained, their scope will continue to expand. We will also continue to focus on increasing solvent-free PU resins, water-based PU resins, eco-friendly TPU plastic pellets, UV light curing products and so on as we seek to improve quality and markets, expand use, and promote sales, in order to continue maintaining the leading position on the market and move toward the sustainable development.

(III) Overview of technology and R&D:

1. R&D expenses already invested during the most recent year and until the date of publication of the annual report:

Item	2022	January~March 2023
Consolidated R&D expenses (NTD thousand_	71,174	15,338
% of consolidated operating revenue (%)	2.41%	2.69%

The Company upholds the management philosophy of research and innovation, continues to invest in R&D resources, and takes into account the environmental protection and carbon reduction issues in product development and process design.

2. The technologies or products developed successfully:

A. Sports industry:

i. Supercritical nitrogen foaming thermoplastic polyurethane material for shoes.
ii. Supercritical nitrogen foamed thermoplastic polyurethane material for bicycles.
iii. Polyurethane midsole materials for sports shoes developed based on raw materials derived by carbon capture technology
iv. Polyurethane insole materials for footwear developed based on raw materials derived by carbon capture technology

B. Construction industry:

i. Glass fiber reinforced resin surface treatment agent for construction work
ii. Floor waterproof coatings with low toxicity and low hazard to health
iii. Ultra-low TVOC-grade polyurethane hot melt adhesive for woodworking
iv. High weather-resistant structural adhesives and sealants

C.Automotive industry:

i.Low-free bridging agent for high-physical non-yellowing automotive refinishing paint.

D.Green materials:

i.Water-based polyurethane ink for footwear

ii.Wet polyurethane materials developed based on raw materials derived by carbon capture technology

iii.Polyurethane coating materials for textiles renewed by recycling of the PET raw materials

iv.Reactive hot melt adhesive for bonding of waterproof and breathable textiles renewed by recycling of the PET raw materials

v.Eco-friendly polyurethane biomass binding agent for wooden walkways

E.High-value added materials:

i.Thermoplastic polyurethane extrusion pipe with high-temperature dimensional stability

ii.Bridging agent for semiconductor-grade electronic tape

iii.High purity light curing acrylate monomer

iv.Special light curing acrylate monomer

(IV) Long-term and short-term business development plans:

1. Short-term plan:

According to product applicability and attributes, it is divided into five categories of products: PUR / PUS / CLA / TPU/UV:

A.PUR:

We will utilize the advantages, such as R&D results developed by EVERMORE thoroughly for a long term research, continuous technological innovation and real-time services, and work with the customers in the downstream segment closely and thoroughly to provide the products leading in the market under the circumstance that the environmental protection awareness keeps raising. Meanwhile, we will follow the eco-friendly, low energy consumption, carbon reduction and recycling policies adopted by the end customers and countries to carry out the rapid integration and adjustment, so as to achieve the reciprocal and sustainable relationship.

We will continue to develop OEM and ODM business in order to achieve an increase in production utilization rate and high per capita output value production capacity and cost, and improve operating profitability.

We will continue to develop and expand eco-friendly solvent-based, water-based and solvent-free high-niche and blue ocean products and expand market sales, increasing sales margin.

We will also continue to combine AICA and overseas subsidiaries to pursue the market demand for high-value products and strive for product sales proactively in Japan, Korea, Vietnam, Thailand and Indonesia, etc..

B.CLA:

In consideration of the emerging competitors form China, who adopted the low-price strategy, the Company's competitiveness in sale of curing agent products to the market of China via the channel service providers has gone accordingly. Notwithstanding, the Company has re-arranged its sale strategy to increase the direct sales and shift the sale territories, in order to maintain the room for seeking profit.

Meanwhile, the Company will continue to further develop the special chemical products, such as non-yellowing hardener, in order to increase the sales percentage of non-yellowing hardener and improve the profit sought by the entire CLA products.

Sales markets are gradually being opened up and developed through integration with the channels of AICA and Evermore's overseas subsidiaries to shift the overseas sales territories from China to Vietnam, Thailand, Indonesia, India, Japan and Korea. The Company will adjust the sales regions to avoid the risk of relying only on one single market.

C.PUS:

Continue to increase the involvement in, and seize, the opportunity as the brand is valuing the application of PU to sport shores increasingly; deepen the cooperation with the top brands, such as Nike, adidas, and Converse, improve PU functionality, and work with shoe factories to improve the processing process and provide corresponding products, in order to continue soliciting orders stably. Meanwhile, expand the development and sales of the polyester polyols in the rigid foam PU market, and develop the sales in the market of Japan proactively, in addition to the market of Taiwan, in order to increase the profit.

D.TPU:

Continue to increase the involvement in the terminal market in Taiwan, verify the key customers, serve and meet the needs for direct use of customers' products, develop and sell high-value TPU products, and increase sales profit. Improve the market share of TPU for tube materials in Taiwan. Meanwhile, develop the TPU products for calendering/T-DIE and sales thereof, in order to increase the sales volume of TPU in different application fields. In addition to traditional injection molding and extruded pipe

TPU products, we also develop the products leading in the market, such as polyether hydrolysis-resistant TPU and supercritical foam TPU, in order to provide the new products needed by the end customers for transformation in the future.

E. UV:

In addition to maintaining the sales of traditional UV monomers and oligomers, we also expand the sales volume of OPV products in the territories including Taiwan, China, Japan, Vietnam, and Thailand. Meanwhile, we strategically work with AICA and various subsidiaries to shift the traditional UV products to the fine chemicals for vehicles, medical devices and 3C products. The development and sales of UV monomers and oligomers also resulted in the increase in business profit.

F. PU reactive hot melt adhesive:

Organic solvent-free PU reactive hot-melt adhesive products satisfy the need for environmental protection. In the textile lamination market, we enhance the development and work with customers to maximize the sales and increase the profit in the textile lamination industry. Meanwhile, the AICA technology is implemented to develop the PU reactive hot-melt adhesives for bonding in the field of construction materials. Under the consolidated effect posed by the cooperation with AICA, the PU reactive hot-melt adhesives have been introduced and sold in Japan and Korea extensively, so as to increase the operating profit.

2. Long-term plan:

In response to extreme climate change and the rising environmental protection awareness, the demand for green and eco-friendly products signifying energy conservation, carbon reduction, non-toxicity and recycling continues to grow increasingly. EVERMORE uses the polyurethane-related basic chemical reactions as its essential core competence and theme, in order to respond to and adjust product formulas and combinations rapidly, in line with the market demand and expectation. The Group also continues to increase the involvement in development of the two major business lines, namely PU series synthetic resin products and coatings, and also launch into the industries of construction, 3C, optics, medical devices and automobiles based on the basic core competence, step by step.

Root in Taiwan and increase involvement in Taiwan. By identifying Taiwan as the Group’s R&D center, the Company links with the industry, government, academia and research sectors for in-depth cooperation, keep introducing high-end technologies and cooperate with key partners to deepen the cooperation jointly, aim at the new-generation eco-friendly process and creation and sale of eco-friendly products, and become a sustainable supplier in the green industry chain.

A. Also deepen the cooperation with AICA to develop the sales of products in the high-end market to maximize the Group’s interest.

B. Develop the eco-friendly and low energy-consumption process, biomass and carbon-reduction products in line with the international trend and in order to secure the leading position.

C. Workers’ safety is the first priority. We will continue to improve and upgrade the production process and fulfill corporate social responsibilities.

D. Strengthen the sales and development of the markets including Japan, Korea, Vietnam, Thailand and Indonesia, etc., in order to disperse the risk over a single market.

E. Improve the market share of solvent-free PU products and UV light curing products, and increase the percentage of sales of green and eco-friendly products.

II. Production and marketing situation

(I) Market analysis:

1. Territories where main products are marketed:

EVERMORE is a professional chemical manufacturer specialized in PU and related products. The Company keeps adjusting its operating structure and transforming, in response to the ever-changing market, industry and environment. The Company has achieved positive development in diversity of products or expansion of application fields to keep the Company’s sustainability.

The sales value and domestic marketing/export of the Company's products during the most recent two years (%):

Unit: NTD thousand

Territory \ Amount	2021		2022	
	Sales value	%	Sales value	%
Domestic	1,119,419	35%	1,137,652	38%
China	1,275,808	40%	963,783	33%
Others	805,879	25%	855,756	29%
Total	3,201,106	100%	2,957,191	100%

2. Market share, future market demand and supply, and market's growth potential:

(1) Market share:

The Company's products are diversified and sold in various industries, covering a wide area and many downstream industries. Because PUR products have gone through constant competitions and evolution, the supply and demand thereof is considered balanced for the time being. The Company's market share thereof in Taiwan is about 22%. We are the main domestic manufacturer of CLA products, engaged in producing competitive products, although the products made in China are launching into the market if Taiwan increasingly. The market share thereof in Taiwan is about 30%, constituting a relatively large proportion. For PUS products, we are currently the only domestic system manufacturer, making us the sole supplier. There are many suppliers of TPU products in Taiwan and they are mostly eco-friendly materials, and the development of the industry is relatively positive. The market share thereof in Taiwan is about 20%. As for the development of UV light curing products, the Company's main suppliers include the manufacturers such as Eternal Chemical and Qualipoly Chemical. Besides, the foreign manufacturers, such as MIWON and KPC, are actively entering the market at low prices. They secure the market share estimated to be about 10%.

(2) Future market demand and supply, and market's growth potential:

PU and UV-related products are subject to extensive terminal applications and related to consumer package products closely. In 2023, the era of high inflation, the demand in various industries will first stay even and then grow steadily. Therefore, in 1H of 2023, we will, depend on the terminal demand, accept orders to maintain the production utilization rate proactively, and develop high-value green products and invest in the blue ocean market proactively at the same time. In 2H of 2023, we will enhance the sales of eco-friendly products strongly under the circumstance the demand is growing stably, and then complete the product transformation step by step.

3. Competitive niche

(1). Integration of key raw materials is high, and the scale is larger than others in the same industry, which increases our purchasing advantages.

(2). We have long-term experience in R&D, production and sales and have established good partnerships with customers; customer satisfaction is high.

(3). The continuous development of green and eco-friendly products, such as solvent-free products and UV curable products, will bring a significant increase in product sales.

(4). Continuous resources are being introduced into the R&D team to deepen R&D energy, which can respond to the changing development needs of the industrial environment.

(5). We have experience in OEM production with major international factories; professional technology, production and management, and effective cost control improve competitiveness.

(6). The product diversity and applications in different fields might help exemption from any impact posed by negative factors in a single market environment.

(7).Continuous introduction of AICA technology and mutual cooperation will strengthen product competitiveness.

4. Analysis on positive and negative factors for future development and responsive measures:

(1) Positive factors:

A. EVERMORE's products are more diversified than the industry peers', and its downstream industries are widely distributed and operational risk is low.

B. The percentage of operating revenue from green and eco-friendly solvent-free products is increasing year by year in line with the international trend.

C. The sales locations in South East Asia have generated remarkable achievements perfectly and disperse the Group's business risk accordingly.

D. Extension of reinvested business have created higher profit contributions, from traditional chemical engineering connected to people's livelihoods to the precision coating application field and further expanding to the optoelectronic 3C industry.

E. Cooperation with AICA has produced effects in Japan and Korea. We will continue to develop new products and new markets.

(2) Negative factors:

A. More rigid business environment in China:

In the post-epidemic era, in consideration of the persisting confrontation between the United States and China and continuing de-sinicization of the supply chain, as well as the industrial adjustment policy adopted by Chinese government, EVERMORE’s business environment in getting more and more difficult in China.

Responsive measures: Improve the localized production, supply, sales and service of Vietnam Factory, enhance the service spirit of Local for Local, continue to focus on the operation of the sales base in Thailand, penetrate into the market in Southeast Asia based on the operation in Taiwan, Vietnam and Thailand more directly and rapidly, deepen the cooperation with AICA to expand the sales in Japan and Korea, and exercise the local production and marketing abilities. Meanwhile, the Company will focus on R&D of differentiated products and development of high-end products to maintain its growth and sustainability at the same time.

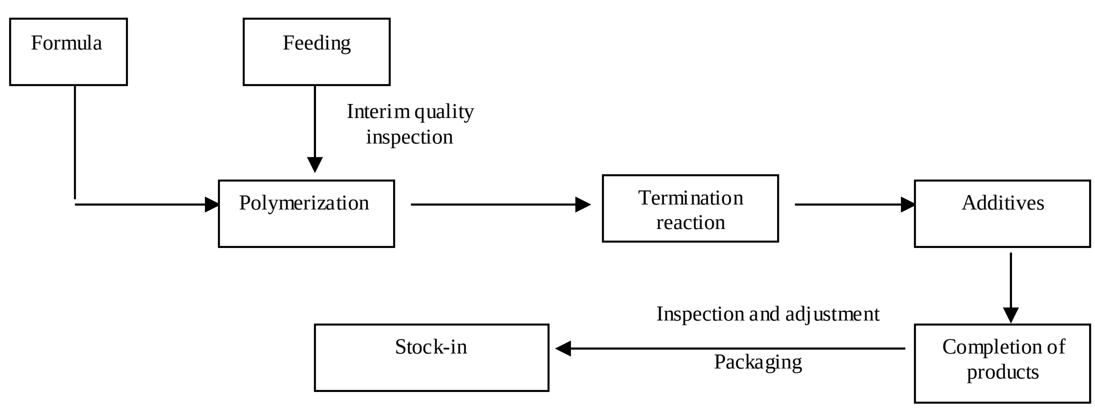
B. In consideration of the persisting Russia-Ukraine War, the inflation issue remains unresolved and the price of raw materials fluctuates drastically. Therefore, unstable factors exist. Besides, none of the major manufacturers of polyurethane raw materials is based in Taiwan. The main raw materials, such as AA, MDI and TDI, etc., are all imported from foreign countries. It is impossible to upgrade Taiwan’s overall market size any longer, or there is a cluster effect existing. Therefore, the upstream raw materials suppliers do not value Taiwan’s market as strongly as before, and reduce their support for Taiwan, thus weakening the profit to be sought by enterprises.

Responsive measure: Work with AICA and subsidiaries of EVERMORE to improve the ability of procurement and negotiation through the central procurement by the Group. At the same time, develop a situation where upstream and downstream strategies are aligned together and deepen the establishment of mutual partnerships between the upstream and downstream segments to obtain favorable conditions.

(II) Uses and production processes of main products

PU resin produced by the Company is mainly supplied for coating and lamination of synthetic leather, erlang leather, real leather and various textiles, coatings, inks, and adhesives for shoes and other industries; polyester polyols are mainly supplied for industrial use such as PU synthetic resin and TPU; shoe foaming system materials (PUS) are mainly supplied to OEM manufacturers of well-known brands such as Nike and Adidas for the application to the production of outsoles, midsoles, insoles and accessories; and TPU is mainly supplied for industrial tube materials and shoe material accessories. Light-curing products are mainly supplied for optics and hard coating and varnishing paper coating products.

Production process of main products:



(III) Supply of main raw materials:

Name of raw material	Main supplier
AA	Vendor A
MDI	Vendor N
TDI	Vendor C
EAC	Vendor D
Additives for coating	Vendor O

(IV) A list of any suppliers (customers) accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each:

1. The information about any suppliers accounting for 10 percent of more of the Company's total procurement for the most recent two years:

Unit: NTD thousand

	2021				2022				Ending until Q1 of 2023			
Item	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the net procurement amount ending until Q1 of the year (%)	Relationship with the issuer
	Others	2,546,677	100	None.	Supplier N	243,726	12	None.	Supplier N	36,542	10	None.
					Others	1,819,500	88		Others	327,376	90	
	Net procurement	2,546,677	100		Net procurement	2,063,226	100		Net procurement	363,918	100	

2. The information about any customers accounting for 10 percent of more of the Company's total sales for the most recent two years:

Unit: NTD thousand

	2021				2022				Ending until Q1 of 2023			
Item	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the net sales amount ending until Q1 of the year (%)	Relationship with the issuer
	Others	3,201,106	100	None.	Others	2,957,191	100	None.	Others	570,752	100	None.
	Net sales	3,201,106	100		Net sales	2,957,191	100		Net sales	570,752	100	

Note: The Company's sales amount and ratio vary depending on the major customers' market shares. In 2022 and Q1 of 2023, none of the operating revenues from any single customers accounted for more than 10% of the Company's total consolidated operating revenue.

(V) Production volume and value for the most recent two years

Unit: Tons/NTD thousand

Year / Production value / Main products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
PU synthetic resin	-	29,946	2,364,922	-	31,454	2,394,712
PE resin	-	4,150	261,260	-	2,442	145,984
Other products	-	139	38,387	-	97	39,176
Total	72,800	34,235	2,664,569	72,800	33,993	2,579,872

Note: The reaction tanks engaged in production of PU resin permit the production of said products. Therefore, the overall production capacity is identified.

(VI) Sales volume and value for the most recent two years

Unit: Tons/NTD thousand

Year / Sales volume and value / Main products	2021				2022			
	Domestic marketing		Export		Domestic marketing		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PU synthetic resin	9,508	908,801	19,568	1,592,926	9,012	980,599	14,698	1,438,687
PE resin	1,654	107,879	2,375	150,512	1,240	84,490	1,096	77,464
Other products	384	105,134	1,884	335,854	248	72,563	1,659	303,388
Total	11,546	1,121,814	23,827	2,079,292	10,500	1,137,652	17,453	1,819,539

Note: The domestic marketing refers to the sale to domestic customers. The others are attributed to export.

III. Employees

Information about the employees employed for the most recent two years and until the date of publication of the annual report:

Year		2021	2022	Ending on March 31, 2023
Number of employees	General officers	259	252	245
	Direct labors	128	122	115
	Total	387	374	360
Average age		40.88	41.54	41.81
Average service seniority		8.52	9.27	9.76
Academic background percentage	Doctor	2%	2%	1%
	Master	10%	9%	9%
	College/University	48%	54%	55%
	Senior high school	26%	25%	25%
	Below senior high school	14%	10%	10%

Note: Said employees include various subsidiaries' employees.

IV. Information about the expenses of environmental protection:

In the most recent year and as of the date of publication of the annual report, losses due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the scope of the punishment, the violation of the provisions of the regulations, the content of the violation of the regulations, the content of the punishment), and disclose the current and future estimated amount and corresponding measures; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated:

1. In 2022 and as of the printing date of the annual report, losses suffered by the Company due to environmental pollution: None.

2. In response to the changes in trends and increasingly strict laws, the Company uses the best effort to satisfy the environmental protection requirements to achieve sustainability and fulfill corporate social responsibility. The Company owns multiple pollution prevention equipment units, e.g. liquid injection incinerators, waste water treatment equipment, and organic waste gas biological filter bed, etc.. Related responsive measures are specified as following:
   2.1 Management and effective operation of pollution prevention and control equipment, and strengthen the capacity of prevention and control equipment. Make the pollutants in the exhaust flue satisfy the requirements under environmental protection laws and regulations.
   2.2 Promote garbage classification; the recycling of PE class waste achieved 3,990kg in 2022 to reduce the output of the waste from wasted plastic mixture.
   2.3 Review and promote energy conservation and carbon reduction program: Replace the mercury lamps with LED lamps, replace light-absorption boards to reduce consumption of LED lamps, replace cooling fins in the cooling towers of the public utilities, and replace old cooling towers with new ones. The power saved was estimated as 144,226.6 kWh, and the carbon reduced as 73.411 tons in 2022.

3. Disclosure of current and future estimated amounts and possible countermeasures, ongoing improvement on the impact posed to environment, and social responsibility for pollution and waste reduction:
   3.1 In announcements of regulatory changes related to environmental protection and occupational safety, we regularly review and implement improvements to achieve compliance.
   3.2 Develop and research green products and improve the percentage of sales thereof; take the initiative action for promotion and improvement, and construct the Carbon Footprint Verification (CFV), and work with the product supply chain to fulfill the corporate environmental sustainable development responsibilities in carbon reduction and carbon neutrality.
   3.3 The 106 lists subject to the existing chemical substance standard registration under the Regulations of New and Existing Chemical Substances Registration, quantity & range and time limit for registration: The standard registration was supposed to be completed by December 31, 2024. Among the Company’s 7 items on the list for input of raw materials and supplies for manufacturing products, at the end of 2022, there are still 2 items having not obtained the standard registration completion code. The expenses are expected to cost NT$500,000.
   3.4 It is less than 25,000 MT CO2e GHG emission announced by the Environmental Protection Administration. However, after conducting the GHG emission accounting voluntarily in response to the global zero-net trend in the world, we planned the reduction program as following:
      3.4.1 For the improvement of process power consumption, power conservation and digitalization, we implement smart energy monitoring system to reduce the CO2 emission with the digital management technology.
      3.4.2 Planning of solar energy at the factory premises in steps: 1st stage for Warehouse No. 6, at the expenses expected to cost NT$6.5 million.

V. Relations between laborers and employer

(I) The Company’s employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans:

In order to provide the employees with welfare, the Company contributes the welfare fund pursuant to laws, and have the representatives of laborers and employer form the Workers’ Welfare Committee in charge of disbursement of the welfare fund and implementation of the following measures: (1) Domestic/overseas travel for employees; (2) Season and festival gifts to employees; (3) Marriage, funeral and festive subsidy for employees; (4) Allowance and subsidy for employees’ injury, sickness and hospitalization; (5) Birthday celebration for employees; (6) Purchase of the sport facilities for table tennis, billiard balls and basketballs, et al.; (7) Subsidy for various club activities.

2. Continuing education and training of employees:

A. The Company establishes the educational training regulations and drafts the annual educational training plan to upgrade the quality of human resource and enhance employees' knowledge and skills required for their duties. The Company organizes the internal and external training per the need for training from various departments each year.

B. Status of the Company's educational training in 2022:

Number of person	Hours	Expenses incurred
931 persons	7,104.50 hours	2,860 thousand

3. Certificates and qualifications designated by the competent authority as acquired by the staff involved in financial transparency work:
2 internal auditors and 2 financial managers.

4. Retirement system:
In response to implementation of the pension act under the new system, the Company contributes 6% of the salary per laborer to the Bureau of Labor Insurance according to the Labor Pension Act on a monthly basis.
The employees of subsidiaries in China pay the insurance premium according to the social insurance systems defined by various local governments.
For each of the Company's employees who apply the Labor Standards Act, the Company contributes the retirement pension equivalent to 2% of the employee's total monthly salary to the exclusive account maintained at the Bank of Taiwan on a monthly basis.

5. Labor-management agreement:
The labor-management coordination meeting is held on a quarterly basis. Both of the laborers and management may negotiate with each other to create a win-win situation at the meeting.

6. Code of conduct and ethics for employees:
The Company has established the work rules and management regulations for employees to enable the employees to better understand their right and obligation. Meanwhile, the Company demands that each employee should sign the "Letter of Undertaking" when he/she is hired, which expressly states that when holding a position in the Company, the employee shall not act against the Company's rules or embezzle the Company's financial fund or loans, or engage in any other illegal activities that cause loss to the Company.
The Company adopted the Ethical Management Best-Practice Principles and Procedures for Ethical Management and Guidelines for Conduct upon approval of the Board of Directors, in order to build the enterprise culture upholding ethical management and also good business operation framework to help the Company's robust development.

7. Measures for preserving employees' interests and rights:
The company has an employee suggestion box, which is handled by a dedicated person, and fully respects the rights and interests of employees' opinions. The company's website also has a reporting window, allowing employees to have a variety of opinion channels.

(II) In past year and up to the date of publication of the annual report, any losses suffered due to labor disputes (including labor inspection results that violate the Labor Standards Act, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible countermeasures:

1. No labor dispute or loss has arisen or sustained during the most recent year and up to the date of publication of the annual report.
2. The Company respects employees' interest and right in work and leads the employees to perform their routine duties under the humanized management model. In the meantime, the Company also establishes various work response mechanisms, e.g. proposal of motions, labor-management meetings and monthly meetings, et al., and maintains fair communication channels with employees.

VI. Cyber Security Management:

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management framework:
The Company's information management unit is governed by the Administration Department, and responsible for formulating the information security policies, and reviewing and revising the operating

procedures to satisfy the information security standards. Prepare the project plans in order to continue enhancing the measures to mitigate information security risk. Also, in reference to ISO27001 related specifications, we establish the standard information security management criteria, and continue to execute the information infrastructure and information security measures in the spirit of PDCA, in order to ensure the Security, Integrity and Availability of the Company's important information.

The information unit executes the information security inspection regularly, and submits the inspection report to the responsible supervisor for review and approval. It shall verify, follow up and review the corrective action taken against the discoveries and problems proposed in the inspection report, in order to ensure that the internal/external personnel and units do strictly comply with the Company’s information security policy.

The Company's internal auditors conduct the audit based on the Company's cybersecurity inspection indicators pursuant to the audit plan each year, and report the result to the Chairman. Meanwhile, they submit the audit results to the Audit Committee and Board of Directors regularly each month, as well as the information about operations of the management’s internal control function, in order to help them verify the existing or potential defects and then to make improvement and optimization.

2. Cybersecurity policy:

In order to protect the Company’s cybersecurity equipment, cybersecurity system, electronic data, and network assets from the risk over disclosure, destruction or loss due to external threats or internal personnel’s unfair use, the following cybersecurity policy is formulated:

(1) Manage the cybersecurity assets effectively, identify the threats and disadvantages, and assess possible risks, in order to take adequate protection measures to mitigate the cybersecurity asset risk to the minimum.
(2) Ensure that the personnel may access the communication and information system and electronic data to perform duty within the scope of their authority, and prevent any person from accessing or modifying the electronic data without authorization, in order to maintain the security and integrity of information.
(3) The Company’s communication and information assets are applied in line with the local laws and social good morals locally.
(4) Establish the disaster prevention strategy and disaster recovery plan for the communication and information assets to ensure the key business continuity in the case of man-made or natural disasters.
(5) Improve all colleagues’ awareness toward cybersecurity, and organize the cybersecurity education and training.

3. Concrete management programs and measures:

(1) System and regulations: The Company has established the “Computerized Information System Cycle,” “Notebook Management Regulations” and “Personal Data Protection Management Regulations,” in order to govern the related operating procedures and ensure the information security. The internal audit unit conducts the related audit per the audit plan each year to ensure the strict execution of the internal control system.
(2) Firewall protection: The firewall shall set up the security management and control procedures. The demand for any special connections, if any, shall be requested additionally.
(3) User Online Control Mechanism: Firewall blocks any unnecessary websites (games, violence, pornography and illegal sharing and downloading)
(4) Anti-virus software: The server and user’s PC shall be installed with the anti-virus software. The virus code shall be updated automatically on a daily basis.
(5) ERP authority management: Set the authority of access subject to the user ID, and review the authority periodically.
(6) Mail security control : The mail server is equipped with mail anti-virus, spam filtering, and detection of improper mail behavior, in order to prevent malicious mails from causing unexpected harm.
(7) Data backup mechanism: The server and database are set to have complete backup, and back up the data every day. In addition to maintaining the backup server and storing the magnetic tape remotely, the Company will perform the system restoration drill at least once per year. Storage.
(8) Control room equipment management: The server is installed in an exclusive control room where the personnel’s access is restricted. The control room adopts an independent power supply and is equipped with air conditioner and CO_2 fire extinguishers. All servers are connected to UPS and diesel power generation equipment to avoid any damage caused by power outage or abnormal power failure.
(9) Routine protection: Strengthen the awareness promotion or education and training from time to time, in order to improve the colleagues’ risk awareness, adjust network information security protection levels and purchase additional equipment for protection, if necessary, from time to time.

4. Investments in resources for cyber security management:

In addition to the Company's own information unit, the Company also executes the long-term maintenance contracts with external vendors for the maintenance, backup and recovery of the Company's hardware, software and network safety equipment. The related practices include:

(1) Personnel management and information security education and training.
(2) Computer system security management.
(3) Network security management.
(4) System access control.
(5) System development and maintenance security management.
(6) Information asset security management.
(7) Tangible and environmental security management.
(8) Business continuity plan management.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to significant cyber security incidents, the possible impacts therefrom, and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

1. For the time being, no significant information security incident results in the Company's business loss.
2. Continue to implement the information security management policy, and implement the restoration plan drills regularly to protect the Company's important systems and data security.

VII. Important contracts

Nature of Contract	Principal	Duration of Contract	Main Contents	Restrictive Clauses
Long-term loan	Bank of Taiwan	2020.10~2025.10	Long-term loan	Per the contract
Long-term loan	Mega Bank	2020.05~2025.05	Long-term loan	Per the contract
Long-term loan	CHB	2020.09~2025.12	Long-term loan	Per the contract
Long-term loan	CHB	2020.09~2025.09	Long-term loan	Per the contract

Six. Overview of Finance

I.Condensed financial information for the past five years

(I)Condensed balance sheet

Unit: NTD thousand

Item \ Year		Financial information for the past five years (Note 1)					Ending on March 31, 2023 Financial information (Audited by the CPAs)
		2022	2021	2020	2019	2018	
Current assets		1,696,346	2,074,760	1,781,332	1,866,309	2,028,103	1,721,402
Property, plant and equipment		1,373,046	1,352,143	982,514	821,195	890,423	1,359,717
Intangible assets		55,059	48,703	52,070	3,255	4,247	54,613
Other assets		264,391	241,212	239,183	212,324	60,338	268,771
Total assets		3,388,842	3,716,818	3,055,099	2,903,083	2,983,111	3,404,503
Current liabilities	Before distribution	1,438,502	1,808,476	1,296,655	1,326,672	1,451,871	1,442,926
	After distribution	Note 2	1,808,476	1,346,349	1,391,274	1,466,779	N/A.
Noncurrent liabilities		454,841	476,124	273,864	111,261	149,584	444,370
Total liabilities	Before distribution	1,893,343	2,284,600	1,570,519	1,437,933	1,601,455	1,887,296
	After distribution	Note 2	2,284,600	1,620,213	1,502,535	1,616,363	N/A.
Equity attributed to the owner of parent company		1,495,499	1,432,218	1,484,580	1,465,150	1,381,656	1,517,207
Capital		993,880	993,880	993,880	993,880	993,880	993,880
Capital surplus		98,017	98,017	98,017	98,017	98,017	98,017
Retained earnings	Before distribution	399,844	364,634	404,271	394,863	291,928	420,326
	After distribution	Note 2	364,634	354,577	330,261	277,020	N/A.
Other equity		3,758	(24,313)	(11,588)	(21,610)	(2,169)	4,984
Treasury stock		-	-	-	-	-	-
Non-controlling equity		-	-	-	-	-	-
Total equity	Before distribution	1,495,499	1,432,218	1,484,580	1,465,150	1,381,656	1,517,207
	After distribution	Note 2	1,432,218	1,434,886	1,400,548	1,366,748	N/A.

Note 1: The financial information adopted IFRSs.

Note 2: The motion for 2022 earnings distribution is pending resolution by the shareholders' meeting.

(II)Condensed consolidated statement of comprehensive income

Unit: NTD thousand (except EPS at NT$)

Item \ Year	Financial information for the past five years (Note 1)					Ending on March 31, 2023 Financial information (Audited by the CPAs)
	2022	2021	2020	2019	2018	
Operating Revenue	2,957,191	3,201,106	2,363,415	3,174,698	3,675,769	570,752
Gross profit	386,014	433,193	457,229	648,159	442,567	113,793
Operating income	(3,293)	31,289	137,490	200,484	73,902	32,242
Non-operating revenue and expenditure	46,515	(24,881)	(59,906)	(25,423)	(19,737)	(5,084)
Net profits before tax	43,222	6,408	77,584	175,061	54,165	27,158
Income from continuing operations before income tax	35,210	10,057	74,010	117,843	10,367	20,482
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss)	35,210	10,057	74,010	117,843	10,367	20,482
Other comprehensive income (net after tax)	28,071	(12,725)	8,947	(19,441)	7,885	1,226
Total comprehensive income	63,281	(2,668)	82,957	98,402	18,252	21,708
Net income attributed to the owner of parent company	35,210	10,057	74,010	117,843	10,367	20,482
Net income attributed to the non-controlling equity	-	-	-	-	-	-
Total comprehensive income attributed to the owner of parent company	63,281	(2,668)	82,957	98,402	18,252	21,708
Total comprehensive income attributed to the non-controlling equity	-	-	-	-	-	-
Earnings per share	0.35	0.10	0.74	1.19	0.10	0.21

Note 1: The financial information adopted IFRSs.

(III)Condensed entity balance sheet

Unit: NTD thousand

Item \ Year		Financial information for the past five years (Note 1)				
		2022	2021	2020	2019	2018
Current assets		809,407	1,071,325	745,009	628,041	762,835
Property, plant and equipment		1,107,538	1,070,480	685,823	606,200	648,268
Intangible assets		5,999	2,490	606	766	1,283
Other assets		1,250,657	1,210,299	1,336,646	1,210,448	992,072
Total assets		3,173,601	3,354,594	2,768,084	2,445,455	2,404,458
Current liabilities	Before distribution	1,233,267	1,462,646	1,031,751	894,617	897,102
	After distribution	Note 2	1,462,646	1,081,445	959,219	912,010
Noncurrent liabilities		444,835	459,730	251,753	85,688	125,700
Total liabilities	Before distribution	1,678,102	1,922,376	1,283,504	980,305	1,022,802
	After distribution	Note 2	1,922,376	1,333,198	1,044,907	1,037,710
Equity attributed to the owner of parent company		1,495,499	1,432,218	1,484,580	1,465,150	1,381,656
Capital		993,880	993,880	993,880	993,880	993,880
Capital surplus		98,017	98,017	98,017	98,017	98,017
Retained earnings	Before distribution	399,844	364,634	404,271	394,863	291,928
	After distribution	Note 2	364,634	354,577	330,261	277,020
Other equity		3,758	(24,313)	(11,588)	(21,610)	(2,169)
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	1,495,499	1,432,218	1,484,580	1,465,150	1,381,656
	After distribution	Note 2	1,432,218	1,434,886	1,400,548	1,366,748

Note 1: The financial information adopted IFRSs.

Note 2: The motion for 2022 earnings distribution is pending resolution by the shareholders' meeting.

(IV)Condensed entity statement of comprehensive income

Unit: NTD thousand (except EPS at NT$)

Item \ Year	Financial information for the past five years (Note 1)				
	2022	2021	2020	2019	2018
Operating Revenue	1,882,582	1,660,798	1,219,612	1,401,543	1,722,183
Gross profit	202,589	200,434	217,729	230,638	117,321
Operating income	19,906	36,361	60,109	48,324	(18,191)
Non-operating revenue and expenditure	23,857	(32,592)	7,256	96,438	32,751
Net profits before tax	43,763	3,769	67,365	144,762	14,560
Income from continuing operations before income tax	35,210	10,057	74,010	117,843	10,367
Loss from discontinued operations	-	-	-	-	-
Net profit (loss)	35,210	10,057	74,010	117,843	10,367
Other comprehensive income (net after tax)	28,071	(12,725)	8,947	(19,441)	7,885
Total comprehensive income	63,281	(2,668)	82,957	98,402	18,252
Net income attributed to the owner of parent company	35,210	10,057	74,010	117,843	10,367
Net income attributed to the non-controlling equity	-	-	-	-	-
Total comprehensive income attributed to the owner of parent company	63,281	(2,668)	82,957	98,402	18,252
Total comprehensive income attributed to the non-controlling equity	-	-	-	-	-
Earnings per share	0.35	0.10	0.74	1.19	0.10

Note 1: The financial information adopted IFRSs.

Names and audit opinions of the CPAs for the most recent five years:

Year	Name of CPAs Firm	Name of CPA	Audit Opinion
2018	Deloitte & Touche	Chiang Shu Ching and Wu Li Tung	Unqualified opinion
2019	Deloitte & Touche	Chiang Shu Ching and Wu Li Tung	Unqualified opinion
2020	Deloitte & Touche	Ting-Chien Su and Wu Li Tung	Unqualified opinion
2021	Deloitte & Touche	Tai, Hsin Wei and Ting-Chien Su	Unqualified opinion
2022	Deloitte & Touche	Tai, Hsin Wei and Ting-Chien Su	Unqualified opinion

II. Financial analysis for the past five years:

(I) Financial analysis - consolidated financial statements

Analysis items \ Year		Financial analysis for the most recent five years (Note 1)					Variance for the most recent two years (%)	Ending on March 31, 2023	Remark
		2022	2021	2020	2019	2018			
Financial structure(%)	Ratio of liabilities to assets	55.86	61.46	51.40	49.53	53.68	-9.11	55.44	
	Ratio of long-term capital to property, plant and equipment	142.04	141.13	178.97	187.96	171.96	0.64	144.26	
Solvency %	Current ratio	117.92	114.72	137.37	140.67	139.68	2.79	119.30	
	Quick ratio	67.15	70.30	89.37	95.43	91.86	-4.48	72.26	
	Interest coverage ratio	2.61	1.36	7.64	10.67	3.84	91.91	4.01	A
Operational ability	Receivables turnover (counts)	3.04	3.38	2.59	3.01	3.42	-10.06	2.46	
	Average cash collection days	120.06	107.98	140.92	121.26	106.72	11.19	148.21	
	Inventory turnover (counts)	3.35	3.75	2.88	3.90	4.74	-10.67	2.22	
	Payables turnover (counts)	8.83	8.79	7.21	8.05	8.46	0.46	5.17	
	Average inventory turnover days	108.95	97.33	126.73	93.58	77.00	11.94	164.31	
	Property, plant and equipment turnover (counts)	2.17	2.74	2.62	3.67	3.98	-20.80	1.67	B
	Total assets turnover (counts)	0.83	0.94	0.79	1.07	1.21	-11.70	0.63	
Profitability	Return on assets (%)	1.59	0.70	2.79	4.49	0.84	127.14	2.30	A
	Return on equity (%)	2.40	0.68	5.01	8.27	0.74	252.94	4.22	A
	Income before tax/paid-in capital (%)	4.34	0.64	7.80	17.61	5.44	578.13	7.89	A
	Net profit margin (%)	1.19	0.31	3.13	3.71	0.28	283.87	2.75	A
	Earnings per share (NT$)	0.35	0.10	0.74	1.19	0.10	250.00	0.21	A
Cash flow	Cash flow ratio (%)	23.69	-13.47	24.61	30.79	2.74	-275.87	11.23	C
	Cash flow adequacy ratio (%)	80.83	42.75	144.45	183.24	103.60	89.08	101.40	C
	Cash reinvestment ratio (%)	9.79	-8.60	7.96	12.86	-0.34	-213.84	4.61	C
Leverage	Operating leverage	-79.49	8.89	2.85	2.28	4.15	-994.15	3.71	D
	Financial leverage	0.10	2.24	1.09	1.09	1.34	-95.54	1.36	D

Please explain the reasons for changes in each financial ratio by more than 20% during the most recent two years:

A. The main reason is that the profit was better than that of the previous year.

B. Revenue decreased compared with last year; in response to new production lines in the future market, the turnover rate of real estate, plant and equipment decreased.

C. Due to better collection and reduced inventory, the net cash inflow from operating activities increased.

D. The decrease in revenue was higher than the decrease in costs, resulting in a decrease in gross profit and a decrease in operating profit.

Note 1: The financial information adopted IFRSs.

Note 2: The formula about the financial analysis:

1. Financial structure
   (1) Ratio of assets to liabilities=Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment=(Total equity+Noncurrent liabilities)/Property, plant and equipment, net.

2. Solvency
   (1) Current ratio=Current assets/Current liabilities.
   (2) Quick ratio=(Current assets-Inventory-Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio=Income tax and income before interest expenses/Current interest expenses.
3. Operational ability
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/Balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average cash collection days=365/Receivables turnover.
   (3) Inventory turnover=Cost of goods sold/Average inventory.
   (4) Payables (including accounts payable and notes payable resulting from operation) turnover = Net sales/Balance of average accounts payable (including accounts payable and notes payable resulting from operation).
   (5) Average inventory turnover days=365/Inventory turnover.
   (6) Property, plant and equipment turnover=Net sales/Average property, plant and equipment, net.
   (7) Total assets turnover=Net sales/Average total assets.
4. Profitability
   (1) Return on assets=[Profit or loss after tax+Interest expenses × (1- tax rate)]/Average total assets.
   (2) Return on equity=Profit or loss after tax+Average total equity.
   (3) Net profit margin=Profit or loss after tax/Net sales.
   (4) Earnings per share=(Income attributed to the owner of parent company-Preferred stock dividend)/Weighted average number of outstanding shares. (Note 3)
5. Cash flow
   (1) Cash flow ratio =Net cash flow from operating activities/Current liabilities.
   (2) Net cash flow adequacy ratio=Net cash flow from operating activities during the most recent five years/(Capital expenses+Increase in inventory+Cash dividends) during the most recent five years.
   (3) Cash reinvestment ratio=(Net cash flow from operating activities-Cash dividends)/(Gross property, plant and equipment+Long-term investments+Other noncurrent assets+working capital). (Note 4)
6. Leverage:
   (1) Operating leverage=(Net operating revenues-Variable operating costs and expenses)/Operating profit (Note 5)
   (2) Financial leverage=Operating profit/(Operating profit-Interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:
1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In the case of capital increase or treasury stock transactions, the calculation shall take the period of circulation into account when calculating the weighted average number of outstanding shares.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the income after tax or add the loss after tax. If the preferred stock is not cumulative one, the preferred stock dividend shall be deducted from the income after tax, if any. Notwithstanding, no adjustment is required, in the case of loss.

Note 4: Cash flow analyses shall take the following factors into account:
1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The issuer is required to classify operating costs and expenses between fixed and variable portions. Any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

(II) Financial analysis - Entity financial statements under IFRSs

Analysis items \ Year		Financial analysis for the most recent five years (Note 1) 2022	2021	2020	2019	2018	Variance for the most recent two years (%)	Remark
Financial structure(%)	Ratio of liabilities to assets	52.87	57.30	46.36	40.08	42.53	-7.73	
	Ratio of long-term capital to property, plant and equipment	175.19	176.73	253.16	255.82	232.52	-0.87	
Solvency %	Current ratio	65.63	73.24	72.20	70.20	85.03	-10.39	
	Quick ratio	36.72	45.95	47.25	40.37	51.49	-20.09	A
	Interest coverage ratio	3.29	1.28	8.81	18.55	2.59	157.03	B
Operational ability	Receivables turnover (counts)	4.31	3.81	3.46	3.70	3.89	13.12	
	Average cash collection days	84.59	95.80	105.49	98.64	93.83	-11.70	
	Inventory turnover (counts)	4.22	4.22	3.56	3.81	4.66	0.00	
	Payables turnover (counts)	7.17	6.04	5.85	6.02	6.20	18.71	
	Average inventory turnover days	86.29	86.49	102.52	95.80	78.32	-0.23	
	Property, plant and equipment turnover (counts)	1.72	1.89	1.88	2.23	2.57	-8.99	
	Total assets turnover (counts)	0.57	0.54	0.46	0.57	0.69	5.56	
Profitability	Return on assets (%)	1.54	0.67	3.10	5.13	0.71	129.85	B
	Return on equity (%)	2.40	0.68	5.01	8.27	0.74	252.94	B
	Income before tax/paid-in capital (%)	4.40	0.37	6.77	14.56	1.46	1,089.19	B
	Net profit margin (%)	1.87	0.60	6.06	8.40	0.60	211.67	B
	Earnings per share (NT$)	0.35	0.10	0.74	1.19	0.10	250.00	B
Cash flow	Cash flow ratio (%)	15.35	-8.73	12.38	19.45	8.54	-275.83	C
	Cash flow adequacy ratio (%)	44.78	20.28	77.96	111.00	63.64	120.81	C
	Cash reinvestment ratio (%)	6.44	-6.27	2.39	6.61	1.16	-202.71	C
Leverage	Operating leverage	8.65	4.61	3.20	3.63	-5.45	87.64	D
	Financial leverage	24.09	1.56	1.16	1.20	0.66	1,444.23	E

Please explain the reasons for changes in each financial ratio by more than 20% during the most recent two years:
A. Due to the decrease in current assets due to the repayment of borrowings.
B. The main reason is that the profit was better than that of the previous year.
C. The net cash inflow from operating activities increased due to better profit and collection, and inventory reduction.
D. Due to the increase in operating income.
E. Increased interest expense.

Note 1: The financial information adopted IFRSs.
Note 2: The formula about the financial analysis:
1. Financial structure
   (1) Ratio of assets to liabilities=Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment=(Total equity+Noncurrent liabilities)/Property, plant and equipment, net.
2. Solvency
   (1) Current ratio=Current assets/Current liabilities.
   (2) Quick ratio=(Current assets-Inventory-Prepaid expenses)/Current liabilities.

(3) Interest coverage ratio=Income tax and income before interest expenses/Current interest expenses.

3. Operational ability
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/Balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average cash collection days=365/Receivables turnover.
   (3) Inventory turnover=Cost of goods sold/Average inventory.
   (4) Payables (including accounts payable and notes payable resulting from operation) turnover = Net sales/Balance of average accounts payable (including accounts payable and notes payable resulting from operation).
   (5) Average inventory turnover days=365/Inventory turnover.
   (6) Property, plant and equipment turnover=Net sales/Average property, plant and equipment, net.
   (7) Total assets turnover=Net sales/Average total assets.
4. Profitability
   (1) Return on assets=[Profit or loss after tax+Interest expenses × (1- tax rate)]/Average total assets.
   (2) Return on equity=Profit or loss after tax+Average total equity.
   (3) Net profit margin=Profit or loss after tax/Net sales.
   (4) Earnings per share=(Income attributed to the owner of parent company-Preferred stock dividend)/Weighted average number of outstanding shares. (Note 3)
5. Cash flow
   (1) Cash flow ratio =Net cash flow from operating activities/Current liabilities.
   (2) Net cash flow adequacy ratio=Net cash flow from operating activities during the most recent five years/(Capital expenses+Increase in inventory+Cash dividends) during the most recent five years.
   (3) Cash reinvestment ratio=(Net cash flow from operating activities-Cash dividends)/(Gross property, plant and equipment+Long-term investments+Other noncurrent assets+working capital). (Note 4)
6. Leverage:
   (1) Operating leverage=(Net operating revenues-Variable operating costs and expenses)/Operating profit (Note 5)
   (2) Financial leverage=Operating profit/(Operating profit-Interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:
1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In the case of capital increase or treasury stock transactions, the calculation shall take the period of circulation into account when calculating the weighted average number of outstanding shares.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the income after tax or add the loss after tax. If the preferred stock is not cumulative one, the preferred stock dividend shall be deducted from the income after tax, if any. Notwithstanding, no adjustment is required, in the case of loss.

Note 4: Cash flow analyses shall take the following factors into account:
1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The issuer is required to classify operating costs and expenses between fixed and variable portions. Any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

III. Audit Committee Review Report of the Most Recent Annual Financial Report

EVERMORE CHEMICAL INDUSTRY CO, LTD

Audit Committee's Review Report

The Company's parent company only financial statements and consolidated financial statements prepared and submitted by the Board of Directors for 2022 have been audited, and determined as sufficient to appropriately reflect the Company's financial position, business results and cash flow by the accountants from Deloitte & Touche, i.e. Hsin-Wei Tai and Ting-Chien Su, CPAs. The Audit Report together with the Business Report and earning distribution plan are determined as qualified after review by the Audit Committee. The Committee hereby issue the Report in accordance with the provisions of Article 219 of the Company Act.

Best Regards

2023 General Annual Meeting of EVERMORE CHEMICAL INDUSTRY CO, LTD.

Convener of Audit Committee: Chun-Cheng Chen

March 14, 2023

IV. Latest financial statements：please refer pages 90 to135.

V. Latest entity financial statements audited and certified by CPAs：please refer pages 136 to176.

VI. Any financing problems encountered by the Company or its affiliates during the most recent year and until the date of publication of the annual report, which might affect the Company’s financial status:

No financing problems have been encountered by the Company or its affiliates during the most recent year and until the date of publication of the annual report.

Seven. Review and analysis of financial status and financial performance, and risk management issues

I. Financial status

The main reasons for any material change in the Company's consolidated assets, liabilities, or shareholders’ equity during the most recent two years, and the effect thereof, and the measures to be taken in response if the effect is of material significance:

Unit: NTD thousand

Item \ Year	2022	2021	Variance		Analysis on changes
			Amount	%	
Current assets	1,696,346	2,074,760	-378,414	-18.24%	
Property, plant and equipment	1,373,046	1,352,143	20,903	1.55%	
Other assets	319,450	289,915	29,535	10.19%	
Total assets	3,388,842	3,716,818	-327,976	-8.82%	
Current liabilities	1,438,502	1,808,476	-369,974	-20.46%	(1)
Noncurrent liabilities	454,841	476,124	-21,283	-4.47%	
Total liabilities	1,893,343	2,284,600	-391,257	-17.13%	
Capital	993,880	993,880	-	0.00%	
Capital surplus	98,017	98,017	-	0.00%	
Retained earnings	399,844	364,634	35,210	9.66%	
Other equity	3,758	-24,313	28,071	-115.46%	(2)
Treasury stock	-	-	-	0.00%	
Non-controlling equity	-	-	-	0.00%	
Total equity	1,495,499	1,432,218	63,281	4.42%	

1. Notes to cause of changes by more than 20%:
   (1) Due to the repayment of loans.
   (2) Affected by the exchange rate, the exchange difference loss from the translation of financial statements of foreign operating institutions decreased compared with last year.

2. Effect: No significant effect was produced, as it was a normal condition.

3. Measures to be taken in response: N/A.

II. Financial performance

(I) The main reasons for any material change in consolidated operating revenues, operating income, and income before tax during the most recent two years, and sales volume forec ast and the basis thereof, and the effect upon the Company's business and finance, as well as the measures to be taken in response:

Unit: NTD thousand

Year / Item	2022	2021	Increase (decrease)	Change (%)	Analysis on changes
Operating revenue, net	$2,957,191	$3,201,106	-$243,915	-7.62%	
Operating costs	(2,571,177)	(2,767,913)	-$196,736	-7.11%	
Gross profit	386,014	433,193	-$47,179	-10.89%	
Operating expenses	(389,307)	(401,904)	-$12,597	-3.13%	
Operating profit	(3,293)	31,289	-$34,582	-110.52%	(1)
Non-operating revenue and expenditure	46,515	(24,881)	$71,396	-286.95%	(2)
Net profits before tax	43,222	6,408	$36,814	574.50%	(2)
Less: Income tax expenses	8,012	3,649	$11,661	-319.57%	(2)
Net income	35,210	10,057	$25,153	250.10%	(2)
Other comprehensive income	28,071	(12,725)	$40,796	-320.60%	(3)
Total comprehensive income	$63,281	($2,668)	$65,949	-2471.85%	(2)
Net income attributed to the owner of parent company	$35,210	$10,057	$25,153	250.10%	(2)
Comprehensive income attributed to the owner of parent company	$63,281	($2,668)	$65,949	-2471.85%	(3)

Notes to cause of changes by more than 20%:

(1) The decrease in revenue is higher than the decrease in costs, resulting in a decrease in gross profit and a decrease in operating profit.

(2) There was a net profit from foreign currency exchange in the current period, while last year was due to a net loss from foreign currency exchange.

(3) Affected by exchange rate changes, the exchange difference in the translation of financial statements of foreign operating institutions has become larger, resulting in other comprehensive gains and losses having exchange benefits from the translation of financial statements of foreign operating institutions.

(II) Sales volume forecast and the basis thereof, and the effect upon the Company's business and finance, as well as the measures to be taken in response:
Please refer to One. Letter to Shareholders herein.

III. Cash flow

(I) Analysis on consolidated cash flow for the most recent two years:

Year Item	2022	2021	Increase (decrease) (%)
Cash flow ratio (%)	23.69%	-13.47%	-275.87%
Cash flow adequacy ratio (%)	80.83%	42.75%	89.08%
Cash reinvestment ratio (%)	9.79%	-8.60%	-213.84%
Notes to increase/decrease (%): The cash flow ratio, cash flow allowance ratio and cash reinvestment ratio all increased compared with last year, mainly due to the better collection in 2022 and the increase in net cash inflow from operating activities due to inventory reduction.			

(II) Corrective measures to be taken in response to illiquidity: Continue to adjust the business policy and maintain specific profitability.

(III) Analysis on liquidity for the coming year (2023)

Unit: NTD thousand

Balance of cash, beginning (1)	Projected net cash flow from operating activities for the year (2)	Projected cash inflow (outflow) of the year (3)	Projected cash balance (deficit) (1)+(2)-(3)	Corrective measures against insufficient cash position	
				Investment plan	Wealth management plan
172,219	558,310	(476,878)	253,651	_	_
Analysis on changes of cash flow for the coming year: Maintain stable operations, reduce inventory, and increase the turnover rate of accounts receivable to generate cash inflows from operating activities; Cash outflows arise from repayment of borrowings, continuous investment in equipment, etc.					

IV. Material capital expenditures in the latest year and impacts on business and finance

The Company added new equipment and renovated old equipment, purchase real estate, factory buildings in order to invest in new products and, therefore, continued to spend the capital expenditure. Notwithstanding, the source of expenditure was own capital and bank loans and no material impact was caused to its business and finance.

V. The investment policy for the most recent year, major causes for profits or losses thereof, rectifications, and investment plans in the next year

1. Investment policy: The Company takes the market and availability of raw materials into account and adopts the investment policy based on its entire business plan.
2. For the profit or loss of reinvestment, please refer to the operating overview of the related companies in the special records. In the first half of 2022, the price of raw materials was still affected. In the second half of the year, the market was unable to continue the recovery in the first half of the year, resulting in weak sales but limited cost reduction, resulting in a decrease in gross profit and net profit. In the future, the Group will continue to effectively allocate resources to maintain the overall Operating performance and stable growth and profitability.
3. Investment plans in the next year：Assess the market demand for green products and plan to increase the market share of UV curing. The company will continue to invest in production equipment in 2023.

VI. Analysis and assessment on risk issues

(I) Impacts of interest rate/foreign exchange rate fluctuation and inflation to the Company's earnings during the most recent year and until the date of publication of the annual report, and future responsive measures:

1. Interest rate fluctuation: This year’s interest expense is NT$26,777 thousand dollar, accounting for 0.91% of the entire year’s net revenue. The interest expense has increased compared with 2021. It is expected that the interest rate may rise slightly in the next year, and the interest expense is expected to rise again. In addition to actively looking for funds with low interest rates, the company also arranges to repay loans with higher interest rates to reduce interest expenses. the amount.

2. Foreign exchange rate fluctuation: Net exchange benefit for the year was 40,005 thousand , which was mainly affected by the fluctuations of the RMB against the U.S. dollar and the New Taiwan dollar against the U.S. dollar. In the future, it is estimated that the fluctuations of NTD/USD and RMB/USD will be relatively small compared with last year, and the estimated exchange gains and losses will not be large. The company estimates the net position of foreign currency revenue and expenditure as a natural hedge, and purchases and exports of raw materials denominated in foreign currencies The amounts are adjusted to each other, and the actual impact is still within the controllable range.

3. Inflation: The Company’s market segment was categorized into domestic marketing and export. In 2022, the inflation or deflation on the domestic marketing and export rendered no significant effect on the Company’s operations. It is estimated that the inflation in 2023 years will be more serious than that in 2022 years. The Company maintained fair interactive relationship with suppliers, and adjusted its operating strategies subject to the degree of inflation or deflation to mitigate the adverse effect produced on the Company therefor.

In conclusion, the Company will pay attention to the possible movement of interest rates, foreign exchange rates and inflation from time to time, and take any hedging measures whenever it is necessary, so as to mitigate the adverse impact to the Company.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading during the most recent year and until the date of publication of the annual report, main causes of profit or loss incurred and future responsive measures:

The Company managed its finance in a conservative manner and never engaged in any high-risk or highly leveraged investments and derivatives trading. Meanwhile, the Company complied with the competent authority’s requirements when loaning to others or making endorsements/guarantees.

(III) Future R&D plans and expected R&D expenditure:

1. For the Company’s future R&D plans, please see the technology identified in the descriptions of business and overview of R&D in Five. Overview of Operations herein.
2. The company's future research and development expenses are expected to be about 2.23% of the revenue, and the absolute amount is higher than that in 2022.

(IV) Impact on the Company’s business and finance due to changes in domestic or foreign policies and laws, and responsive measures:
The Company’s operations complied with the related policies and laws, and no impact was produced on the Company’s business and finance.

(V) The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures:
In recent years, there has been no major impact on the company's financial business due to technological changes (including information security risks) or industrial changes.
With the diversification of the use of information technology, the risk of information security is increasing. The company continues to assess the possibility of risk threats, and continuously updates, increases or builds relevant information risk prevention equipment or software.

(VI) Impact on crisis management in the event of a change in corporate identity, and responsive measures:
The Company upheld the management philosophy emphasizing ethical management and profession. No impact has produced on the Company’s crisis management due to a change in corporate identity during the most recent year.

(VII) Expected benefits and possible risks of merger and acquisition, and responsive measures: None.

(VIII) Expected benefits and possible risks of facilities expansion, and responsive measures: None.

(IX) Risks and responsive measures associated with concentrated sales or purchases:
1. Purchase: The sources of the Company’s raw materials were primarily international leading manufacturers. Meanwhile, the Company worked with multiple excellent vendors to assure the quality of raw materials and supplies and mitigate the risk over supply shortage or disruption at the same time.
2. Sale: The Company dispersed its sales and, therefore, there was no likelihood of concentrated sales.

(X) Impact and risk on the Company due to major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest, and responsive measures:
There was no sign showing that the major transfer or conversion of equity by shareholders would cause any impact to the Company.

(XI) Impact and risks on the Company due to a change of the right of management: None.

(XII) Major litigations and non-contentious cases: Please describe the major litigations or administrative litigations involving the Company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest of the Company, whether concluded or pending judgment, that are likely to pose significant impact on shareholders’ equity or security prices of the Company, and also disclose the facts in dispute, the amount involved, the date the litigation started, the key parties involved, and progress until the publication date of the annual report: None.

(XIII) Other material risks and responsive measures: None.

VII. Other important notes: None.

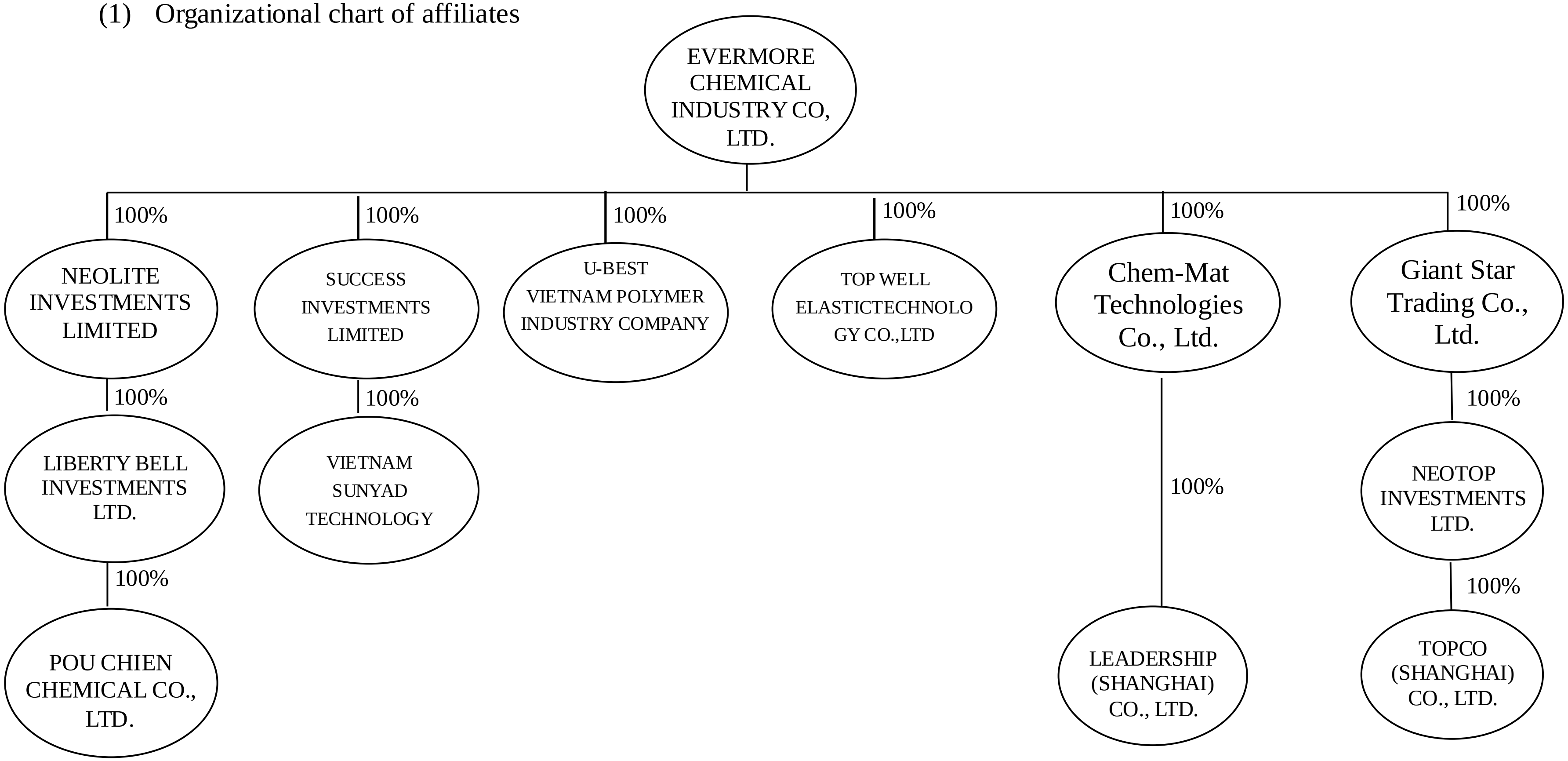
Eight. Special Disclosures

I. Information on Affiliates

(I) Profiles of affiliates

December 31, 2022

(1) Organizational chart of affiliates



(2) Basic information on affiliates

December 31, 2022 Unit: NTD Thousand/Foreign Currency $

Name of Affiliated Enterprise	Date of Incorporation	Address	Paid-in capital	Scope of business/production
EVERMORE CHEMICAL INDUSTRY CO, LTD	May 15, 1989	No.7, Gongye S. 2nd Rd., Nantou City	NTD993,880	PU resin manufacturing
GIANT STAR TRADING CO., LTD.	May 3, 1983	8F-3,No. 540, Sec.3, Taiwan Blvd., Taichung City	NTD126,000	Chemical materials trading
Chem-Mat Technologies Co., Ltd. and	May 8, 2007	No. 7, Nangang 3rd Rd., Nantou City	NTD72,000	Coating, paints and industrial catalyst wholesale
NEOLITE INVESTMENTS LTD.	May 29, 1997	British Virgin Islands	NTD413,902	Financial investment and international trading
LIBERTY BELL INVESTMENTS LTD.	March 31,1998	British Virgin Islands	USD21,000,000	Financial investment and international trading
POU CHIEN CHEMICAL CO., LTD.	January 28, 2000	NO.1,YUYUAN 2TH ROAD, YUYUAN IND. HUANGJIANG TOWN DONGGUAN CITY GD. CHINA	USD16,000,000	PU resin manufacturing
NEOTOP INVESTMENTS LTD.	August 14, 2013	Offshore Chambers P.O. Box 217, Apia, Samoa	USD2,000,000	Financial investment and international trading
TOPCO (SHANGHAI) CO., LTD.	September 12, 2005	Room 603, No. 999, Zhongshan West Road, Changning Dist., Shanghai City, China	USD1,000,000	Chemicals wholesale
LEADERSHIP (SHANGHAI) CO., LTD.	April 25, 2017	Room 602, No. 999, Zhongshan West Road, Changning Dist., Shanghai City, China	USD500,000	Chemicals wholesale
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	March 07,2004	Tran Phu Road, Nhon Trach 5 Industrial Park, Hiep Phuoc Town, Nhon Trach District, Dong Nai province, Vietnam	USD2,164,160	PU resin and adhesive production and sales
SUCCESS INVESTMENTS LTD.	November 18, 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD5,000,000	Financial investment and international trading

Name of Affiliated Enterprise	Date of Incorporation	Address	Paid-in capital	Scope of business/production
VIETNAM SUNYAD TECHNOLOGY LIMITED	January 22, 2003	Tran Phu Road, Nhon Trach 5 Industrial Park, Hiep Phuoc Town, Nhon Trach District, Dong Nai province, Vietnam	USD8,140,000	Manufacturing and sales of PU synthetic leather products
TOPWELL ELASTIC TECHNOLOGY CO., LTD.	February 20, 2001	3110, moo 10, Soi 32, Baling (Sukhumvit 107) Road, Samrongnua Sub-district, Muang District, Samutprakran, Thailand	THB80,000,000	PU resin trading

(3) Information on directors, supervisors and president of the Company's affiliates

December 31, 2022 Unit: Shares

Name of Affiliated Enterprise	Job title	Name or Representative	Shares held	
			Quantity of shares	Shareholding
EVERMORE CHEMICAL INDUSTRY CO, LTD.	Chairman of Board	Ho Wen Chieh	7,003,532	7.05%
	Director	Aica Kogyo Company, Limited - Representative: Nishino Go	49,793,388	50.10%
	Director	Aica Kogyo Company, Limited - Representative: Omura Nobuyuki		
	Director	Aica Kogyo Company, Limited - Representative: Mori Yosuke		
	Director	Yue Dean Technology Co., LTD. - Representative: Shih,Chih-Hung	1,786,760	1.80%
	Director	Huang Chng Tze	93	0%
	Independent director	Chen Chun Cheng	0	0%
	Independent director	Higashiyama Mikio	0	0%
	Independent director	Chueh Liang Wu	0	0%
	President	Huang Chng Tze	93	0%

Name of Affiliated Enterprise	Job title	Name or Representative	Shares held	
			Quantity of shares	Shareholding
NEOLITE INVESTMENTS LTD.	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD.	NTD413,902 thousand	100%
LIBERTY BELL INVESTMENTS LTD.	Director	NEOLITE INVESTMENTS LTD. Corporate representative: Huang Chng Tze	21,000,000	100%
POU CHIEN CHEMICAL CO., LTD.	Executive Director	LIBERTY BELL INVESTMENTS LTD. Corporate representative: Wu Pao Hua	16,000,000	100%
GIANT STAR TRADING CO., LTD.	Chairman of Board	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Ho Wen Chieh	NTD126,000 thousand	100%
	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Huang Chng Tze		
	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Yao Chi Wei		
	Supervisor	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Wu Pao Hua		
NEOTOP INVESTMENTS LTD.	Director	GIANT STAR TRADING CO., LTD. - Corporate representative: Ho Wen Chieh	2,000,000	100%
TOPCO (SHANGHAI) CO., LTD.	Executive Director	NEOTOP INVESTMENTS LTD. - Corporate Representative: Yao Chi Wei	1,000,000	100%
	Supervisor	NEOTOP INVESTMENTS LTD. - Corporate Representative: Hou Chen Su		
LEADERSHIP (SHANGHAI) CO., LTD.	Executive Director	CHEM-MAT TECHNOLOGIES CO., LTD. - Corporate Representative: Wu Hsin Yu	500,000	100%
	Supervisor	CHEM-MAT TECHNOLOGIES CO., LTD.- Corporate Representative: Hou Chen Su		
CHEM-MAT TECHNOLOGIES CO., LTD.	Chairman of Board	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Ho Wen Chieh	7,199,000	100%

Name of Affiliated Enterprise	Job title	Name or Representative	Shares held	
			Quantity of shares	Shareholding
	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Wu Hsin Yu		
	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Huang Chng Tze		
	Supervisor	Hou Chen Su	0	0%
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Huang Chng Tze	2,164,160	100%
	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Lee Ching Song		
	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative:Hsu Fu Cheng		
	Supervisor	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Wu Pao Hua		
SUCCESS INVESTMENTS LTD.	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD.	5,000,000	100%
VIETNAM SUNYAD TECHNOLOGY LIMITED	Director	SUCCESS INVESTMENTS LTD. Corporate representative: Huang Chng Tze	8,140,000	100%
TOPWELL ELASTIC TECHNOLOGY CO., LTD.	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD.-Corporate representative: Shih Chun An	800,000	100%

(II) Operating profile of affiliated companies

Unit: NTD thousand

Name of Affiliated Enterprise	Capital	Total assets	Total liabilities	Net worth	Operating Revenue (Net)	Operating Profits	Current income (After tax)	Earnings per share (NT$) (After tax)
NEOLITE INVESTMENTS LTD.	413,902	574,942	1,922	573,020	-	-	10,257	-
LIBERTY BELL INVESTMENTS LTD.	673,073	574,180	-	574,180	-	(69)	10,467	-
POU CHIEN CHEMICAL CO., LTD.	512,818	708,757	135,738	573,019	921,049	(12,866)	10,546	-
CHEM-MAT TECHNOLOGIES CO., LTD. AND	72,000	157,648	34,883	122,765	69,662	(5,250)	(5,495)	-
GIANT STAR TRADING CO., LTD.	126,000	148,848	13,433	135,415	35,968	(2,302)	(4,544)	-
NEOTOP INVESTMENTS LTD.	58,800	91,843	-	91,843	-	-	(4,171)	-
NEOWIN INVESTMENTS LTD.	-	-	-	-	-	(8)	692	-
TOPCO (SHANGHAI) CO., LTD.	38,922	94,973	3,165	91,808	62,158	(6,320)	(4,175)	-
LEADERSHIP (SHANGHAI) CO., LTD.	15,400	30,536	25,799	4,736	43,977	(2,004)	(2,165)	-
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	44,172	101,449	30,300	71,149	178,979	9,894	6,959	-
SUCCESS INVESTMENTS LTD.	148,174	54,109	-	54,109	-	-	(5,477)	-
VIETNAM SUNYAD TECHNOLOGY LIMITED	241,087	59,948	5,839	54,109	12,623	(5,472)	(5,477)	-
TOPWELL ELASTIC TECHNOLOGY CO., LTD.	76,679	111,474	101,040	10,434	169,574	4,099	(358)	-

Note 1: Foreign currency should be translated into NTD. The assets and liabilities are translated based on the foreign exchange rate-ending, NTD:USD=30.71:1 、 NTD:CNY=4.408:1,、NTD:THB =0.8941:1、NTD:VND=0.001303:1 and the income was translated based on the quarterly average foreign exchange rate.

(III) Affiliation Report

Statement of Affiliation Report

It is hereby declared that the Company's Affiliation Report for 2022 (from January 1, 2022 to December 31, 2022) was prepared pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and there were no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to financial statements for the above period.

Hereby declared by

Company Name:
EVERMORE CHEMICAL INDUSTRY CO, LTD.

Responsible person:
Ho Wen Chieh

March 14, 2023

Qin-Zhong No. 11200377 on March 14, 2023

Addressee: EVERMORE CHEMICAL INDUSTRY CO, LTD.

Subject: Comments on the information given in your 2022 Affiliation Report free from any significant inconsistencies.

Remark:

You declared that your Affiliation Report for 2022 on March 14, 2023 (from January 1, 2022 to December 31, 2022) was prepared pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and there is no major discrepancy between the disclosed information and the relevant information disclosed in the notes to the financial report of the above period, and the statement is attached.

We have compared the Affiliation Report prepared by you pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" with the notes to your financial statements 2022 and found that there were no significant inconsistencies in said declaration.

Deloitte & Touche

Tai, Hsin Wei, CPA

Su Ding jian, CPA

Approval reference of the Securities and Futures Bureau
Tai-Tsai-Cheng (VI) No. 0930128050

FSC’s approval letter under
Jin-Guan-Zhen-Shen-Zi No. 1070323246

1. Relationship between the controlling company and its subordinates

Unit: Shares; %

Name of Controlling Company	Cause of Control	Shareholding and pledges by the controlling company			Directors, supervisors or managerial officers representing the controlling company	
		Shares held	Shareholding	Quantity of pledged shares	Job title	Name
AICA Kogyo Company, Limited (AICA)	Holding 50.1% of the equity in the Company.	49,793,388	50.1%	None.	Director Director Director	Omura Nobuyuki Mori Yosuke Nishino Go

2. Transactions between the controlling company and its subordinates

The transactions between the Company and its controlling company, AICA, are stated as following:

(1) Purchase/sale:

Unit: NTD thousand; %

Transactions with the controlling company				Trading terms and conditions with the controlling company		General trading terms and conditions		Variance Cause	Accounts/notes receivable (payable)		Overdue accounts receivable			Remark
Purchase (sale)	Amount	As percentage of total operating costs (sales)	Gross profit	Unit price (NT$)	Duration of facility	Unit price (NT$)	Duration of facility		Balance	As percentage of total accounts / notes receivable (payable)	Amount	Resolution	Allowance for bad debt	
Sales	$119,678	6.36%	$30,253	$ -	T/T 60 天	$ -	T/T in advance-T/T 120 天	—	$ 7,321	2.19%	$ -	—	$ -	—
Purchase	2,032	0.15%	-	-	Month end 69 days	-	Month end 30-90 days	—	616	0.36%	-	—	-	—

(2) Property transaction: None.

(3) Capital financing: None.

(4) Assets leasing: None.

(5) Other important transactions: None.

3. Endorsement/guarantee between the controlling company and its subordinates: None.

4. Matters that materially affect finance and business: None.

II. Private placement of securities during the most recent year and up to the date of publication of the annual report: None.

III. Holding or disposition of shares in the company by the company's subsidiaries during the most recent and up to the date of publication of the annual report: None.

IV. Other supplementary disclosures: None.

Nine. Any matters which might materially affect shareholders' equity or the price of the Company's securities during the most recent year and up to the date of publication of the annual report: None.

Statement of Affiliate's Consolidated Financial Report

For the year 2022 (January 1 - December 31, 2022), the Company complies with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises in that the companies that should be included in the preparation of the consolidated financial statements of the affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies in accordance with IFRS 10. In addition, the relevant information that should be disclosed in the consolidated financial statements of the associated companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies of the former disclosure. Therefore, there is no need to prepare the consolidated financial statements of associated companies separately.

Hereby declared by

Evermore Chemical Industry Co., Ltd.

Chairman: Ho Wen-Chieh

March 14, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Evermore Chemical Industry Co., Ltd.

Audit Opinion

We have completed our review of Evermore Chemical Industry Co., Ltd. and Subsidiaries (Evermore Group) Consolidated Balance Sheet for December 31, 2022 and 2021; and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1 – December 31, 2022 and 2021.

In our opinion, the aforementioned consolidated financial statements in all major respects are in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of Evermore Group as of December 31, 2022 and 2021 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2022 and 2021.

Basis for Opinion

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

Key Audit Matters

Key audit matters refer to the most important matters for the audit of Evermore Group's 2022 consolidated financial statements based on our professional judgment. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of Evermore Group's 2022 consolidated financial statements are hereby stated as follows:

<u>Authenticity of revenue recognition for specific customers</u>

The main source of revenue of Evermore Group is the sales of resins, and the sales locations are mainly located in markets such as Asia. In the operating revenue in 2022, the amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the epidemic and changes in the economic environment, there was a significant risk to the authenticity of their revenue and, therefore, the authenticity of revenue recognition for specific customers was listed as a key audit matter. For accounting policies related to revenue recognition, please refer to Note IV of consolidated financial statements.

The main audit procedures that we have implemented in response to the above key audit matters are as follows:

1. Understand and evaluate internal control design related to inspection and risk in the sales and collection cycle, and execute tests of its effectiveness.
2. Select samples from the sales details of specific customers, review relevant documents such as shipment orders and export declarations, and check whether collection counterparties are consistent with sales counterparties.

Miscellaneous

Evermore Chemical Industry Co., Ltd. has prepared parent company only financial statements for 2022 and 2021, and the audit reports with unqualified opinions that we have issued are on file for reference.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue operations, disclosing related matters, as well as continuing operations with the basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no feasible alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 auditing standards, we exercise professional judgment and maintain 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.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the governance unit, we have determined key audit matters of Evermore Group's 2022 consolidated financial statements. 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.

Deloitte & Touche

Dai Hsin-Wei, CPA

Su Ting-Chien, CPA

Approval reference of the Securities and Futures Bureau
Tai-Tsai-Cheng (VI) No. 0930128050

Approval reference of the Financial Supervisory Commission
SFB Shenzi No. 1070323246

March 14, 2023

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021

Unit: NTD thousand

Code	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash (Notes 4 and 6)	$ 172,219	5	$ 228,045	6
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIV)	59,784	2	70,765	2
1150	Notes receivable (Notes IV and VIII)	278,809	8	187,325	5
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	412,679	12	745,825	20
1180	Accounts receivable due from related parties (Notes IV, IV, and XXIII)	37,284	1	24,403	1
1200	Other receivables	1,950	-	11,608	-
1220	Current tax assets (Notes IV and XIX)	2,691	-	2,691	-
130X	Inventories (Notes IV and IX)	680,911	20	752,571	20
1410	Prepayments	49,391	2	50,673	2
1479	Other current assets	628	-	854	-
11XX	Total current assets	1,696,346	50	2,074,760	56
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes IV, XI, and XXIV)	1,373,046	41	1,352,143	37
1755	Right-of-use assets (Notes IV and XXII)	206,047	6	160,550	4
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	11,351	-	7,988	-
1805	Goodwill (Notes IV and XIII)	43,708	1	40,715	1
1840	Deferred tax assets (Notes IV and XIX)	24,503	1	31,834	1
1915	Prepayments for equipment	31,580	1	46,541	1
1920	Refundable deposits	1,254	-	1,280	-
15XX	Total non-current assets	1,692,496	50	1,642,058	44
1XXX	TOTAL	$ 3,388,842	100	$ 3,716,818	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes XIV and XXIV)	$ 909,553	27	$ 1,139,045	31
2110	Short term notes and bills payable (Note XXIV)	109,860	3	129,926	3
2150	Notes payable	25,427	1	26,128	1
2170	Accounts payable (Note XXIII)	205,193	6	325,595	9
2200	Other payables (Notes XV and XXIII)	108,185	3	110,516	3
2230	Current tax liabilities (Notes IV and XIX)	9,703	-	6,372	-
2280	Lease liabilities - current (Notes IV and XII)	3,866	-	-	-
2322	Long-term bank loans due within one year (Notes XIV and XXIV)	54,000	2	56,500	1
2399	Other current liabilities- Other	12,715	1	14,394	-
21XX	Total current liabilities	1,438,502	43	1,808,476	48
	Noncurrent liabilities				
2541	Short-term bank loans (Notes XIV and XXIV)	376,617	11	430,617	12
2570	Deferred tax liabilities (Notes IV and XIX)	44,148	1	45,073	1
2580	Lease liabilities - non-current (Notes IV and XII)	33,635	1	-	-
2645	Guarantee deposits	441	-	434	-
25XX	Total non-current liabilities	454,841	13	476,124	13
2XXX	Total liabilities	1,893,343	56	2,284,600	61
	EQUITY				
3110	Share capital from common stock	993,880	29	993,880	27
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	223,032	7	222,026	6
3320	Special reserve	24,313	1	11,624	-
3350	Undistributed earnings	152,499	4	130,984	4
3400	Other equity	3,758	-	(24,313)	(1)
3XXX	Total equity	1,495,499	44	1,432,218	39
	TOTAL	$ 3,388,842	100	$ 3,716,818	100

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

Chairman: Ho Wen-Chieh　　Manager: Huang Chng-Tze　　Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	NET SALES REVENUES (Notes IV and XXIII)	$ 2,957,191	100	$ 3,201,106	100
5000	Operating costs (Notes IX, XVIII and XXIII)	2,571,177	87	2,767,913	86
5900	Gross profit	386,014	13	433,193	14
	OPERATING EXPENSES (Note XVIII)				
6100	Selling and marketing expenses	157,367	5	158,756	5
6200	Management expenses	149,807	5	141,419	5
6300	Research and development expenses	71,174	3	70,427	2
6450	Expected credit loss (Notes IV and VIII)	10,959	-	31,302	1
6000	Total operating expenses	389,307	13	401,904	13
6900	PROFIT (LOSS) FROM OPERATIONS	(3,293)	-	31,289	1
	Non-operating revenue and expenditure				
7010	Other income (Note XXIII)	33,723	1	13,996	-
7020	Other gains and losses	(1,993)	-	(6,042)	-
7100	Interest income	1,557	-	798	-
7230	Foreign exchange net gain (loss) (Note XVIII)	40,005	1	(16,264)	-
7510	Interest fees	(26,777)	(1)	(17,369)	(1)
7000	Total non-operating income and expenses	46,515	1	(24,881)	(1)
7900	Net profits before tax	43,222	1	6,408	-
7950	Income tax expense (gain) (Notes IV and XIX)	8,012	-	(3,649)	-
8200	Net income	35,210	1	10,057	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	OTHER COMPREHENSIVE INCOME (LOSS) (Note IV)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	$ 34,709	1	($ 15,642)	-
8399	Income tax related to items that may be reclassified to profit or loss	(6,638)	-	2,917	-
8300	Other comprehensive income (loss) for the year, net income tax	28,071	1	(12,725)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 63,281	2	($ 2,668)	-
	EARNINGS PER SHARE (Note XX)				
9750	Basic	$ 0.35		$ 0.10	
9850	Diluted	$ 0.35		$ 0.10	

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

Chairman: Ho Wen-Chieh Manager: Huang Chng-Tze Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		Share capital from common stock (Note XVII)	Capital Surplus (Note XVII)	Retained Earnings (Note XVII) Legal Reserve	Retained Earnings (Note XVII) Special Reserve	Retained Earnings (Note XVII) Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations	Total Equity
A1	Balance on January 1, 2021	$ 993,880	$ 98,017	$ 214,625	$ 21,610	$ 168,036	($ 11,588)	$ 1,484,580
	Earnings allocation and distribution for 2020							
B1	Statutory reserves	-	-	7,401	-	(7,401)	-	-
B5	Cash dividends distributed by the Company - NT$ 0.5 per share	-	-	-	-	(49,694)	-	(49,694)
B17	Reversal of special reserve	-	-	-	(9,986)	9,986	-	-
D1	2021 net profit	-	-	-	-	10,057	-	10,057
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	(12,725)	(12,725)
D5	Total comprehensive income for 2021	-	-	-	-	10,057	(12,725)	(2,668)
Z1	Balance on December 31, 2021	993,880	98,017	222,026	11,624	130,984	(24,313)	1,432,218
	Earnings allocation and distribution for 2021							
B1	Statutory reserves	-	-	1,006	-	(1,006)	-	-
B3	Special reserve	-	-	-	12,689	(12,689)	-	-
D1	2022 net profit	-	-	-	-	35,210	-	35,210
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	28,071	28,071
D5	Total comprehensive income for 2022	-	-	-	-	35,210	28,071	63,281
Z1	Balance on December 31, 2022	$ 993,880	$ 98,017	$ 223,032	$ 24,313	$ 152,499	$ 3,758	$ 1,495,499

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

Chairman: Ho Wen-Chieh　　Manager: Huang Chng-Tze　　Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	$ 43,222	$ 6,408
A20000	Adjustments for:		
A20100	Depreciation expense	104,083	100,503
A20200	Amortization expense	1,742	1,197
A20300	Expected credit loss	10,959	31,302
A20900	Interest fees	26,777	17,369
A21200	Interest income	(1,557)	(798)
A22500	Loss on disposal of property, plant, and equipment	543	623
A23700	Loss for market price decline and obsolete and slow-moving inventories	11,439	-
A23800	Gains on reversal of market price decline and obsolete and slow-moving inventories	-	(12,462)
A24100	Foreign exchange losses (gains)	(10,123)	1,687
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(90,119)	(69,944)
A31150	Accounts receivable	321,749	(200,735)
A31180	Other receivables	9,769	(1,772)
A31200	Inventories	68,804	(117,415)
A31230	Prepayments	2,302	2,317
A31240	Other current assets	226	796
A32130	Notes payable	(701)	(47,241)
A32150	Trade payables	(120,221)	121,253
A32180	Other payables	(6,909)	(21,595)
A32230	Other current liabilities	(1,679)	2,965
A33000	Cash generated from operations	370,306	(185,542)
A33100	Interest received	1,557	374
A33300	Interest paid	(25,594)	(15,642)
A33500	Income tax paid	(5,368)	(41,764)
AAAA	Net cash generated from (used in) operating activities	340,901	(242,574)
	CASH FLOW FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	$ -	($ 79,746)

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Code		2022	2021
B00050	Disposal of financial assets measured at amortized cost	16,900	77,634
B02700	Payments for property, plant, and equipment	(48,003)	(423,237)
B02800	Proceeds from disposal of property, plant, and equipment	1,602	91
B03700	Increase in refundable deposits	(120)	(872)
B03800	Decrease in refundable deposits	151	931
B04500	Acquisition of intangible assets	(4,826)	(2,641)
B07100	Increase in prepayments for equipment	(43,447)	(60,693)
BBBB	Net cash used in investing activities	(77,743)	(488,533)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	6,796,580	6,410,580
C00200	Repayments of short-term borrowings	(7,031,361)	(5,915,942)
C00600	Net decrease in short-term notes and bills payable	(21,173)	(930)
C01600	Proceeds from long-term borrowings	-	280,000
C01700	Repayments of long-term borrowings	(56,500)	(64,000)
C04020	Payments of lease liabilities	(2,872)	-
C04500	Dividends paid to owners of the Company	-	(49,694)
CCCC	Net cash generated from (used in) financing activities	(315,326)	660,014
DDDD	Effects of exchange rate changes on cash	(3,658)	(7,251)
EEEE	Net decrease in cash for the year	(55,826)	(78,344)
E00100	CASH AT THE BEGINNING OF THE YEAR	228,045	306,389
E00200	CASH AT THE END OF THE YEAR	$ 172,219	$ 228,045

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

Chairman: Ho Wen-Chieh Manager: Huang Chng-Tze Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

I. GENERAL INFORMATION

Evermore Chemical Industry Co., Ltd. (the "Company") was incorporated in 1989. The Company's shares were listed on the Taiwan Stock Exchange ("TWSE") in 2002 after being traded on the Taipei Exchange ("TPEx") since 2000.

The Company mainly engages in the manufacturing and selling of synthetic resin, synthetic chemistry, and investment related business operations.

The parent company of the Company is AICA Kogyo Company Limited (AICA) of Japan. As of December 31, 2022 and 2021, it held 50.1% of the Company's common stock.

II. APPROVAL OF FINANCIAL STATEMENTS

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

III. APPLICATION OF NEW, AMENDED, AND REVISED STANDARDS AND INTERPRETATIONS

(I) First time applying International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, or SIC Interpretations endorsed by the Financial Supervisory Commission (hereafter IFRSs)

The application of the revised FSC approved and issued effective IFRSs will not cause significant changes to the consolidated entity's accounting policies.

(II) IFRSs recognized by the FSC applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective date of promulgation by International Accounting Standards Board (IASB)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The application of this amendment will be postponed during the annual reporting period beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 3: Except the deferred income tax recognized for the temporary differences related to lease and decommissioning obligations on January 1, 2022, the amendments shall apply to transactions occurring after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the consolidated entity assessed that there would be no material impact of the initial application of said standards and the amendments to interpretations on its financial position and results of operations.

(III) New IFRSs in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	Unresolved
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	1-Jan-23
Amendments to IFRS 17	1-Jan-23
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	1-Jan-23
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, all new/amended/modified standards and interpretations above shall take effect from the financial year that begins after the specified date.

Note 2: Seller and also Lessee shall retroactively apply the amendments to IFRS 16 to the sale and leaseback transactions executed after the date of the first-time application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the consolidated entity is continuously assessing the possible impact that the application of said standards and interpretations will have on the consolidated entity's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, and

3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the consolidated entity's ownership interests in subsidiaries that do not result in the consolidated entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the consolidated entity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

If the consolidated entity loses control over the subsidiary, a gain or loss is calculated as the difference between: (1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The consolidated entity accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the consolidated entity directly disposed of the related assets or liabilities.

The investment retained in the former subsidiary is to be recognized initially at its fair value at the date when control is lost.

Refer to Note X and Table 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(V) Business mergers

Business mergers are handled by the acquisition method. Acquisition-related costs are included as expenses in the year in which the cost is incurred and the service is obtained.

Goodwill is measured by the total amount of the fair value of the transfer consideration and the fair value of the acquirer's previously held equity at the acquisition date over the net amount of identifiable assets acquired and liabilities assumed on the acquisition date.

The acquiree has the current ownership interest and is entitled to pro rata non-controlling interest in the acquiree's net assets at the time of liquidation, measured by fair value. Other non-controlling interests are measured at fair value.

If the measurement of identifiable assets acquired and liabilities assumed due to a business combination has not been completed, the balance sheet date is recognized as a provisional amount. During the measurement period, retrospective adjustments are made or additional assets or liabilities are recognized to reflect the obtained new information about the facts and circumstances that existed on the acquisition date.

(VI) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities are translated into the presentation currency - New Taiwan dollars. Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

(VII) Inventories

Inventories consist of raw materials, finished goods, and merchandise. Inventories are stated at the lower cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

(VIII) Investment related companies

An associate is an entity over which the consolidated entity has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the consolidated entity's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the consolidated entity's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the consolidated entity's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When impairment loss is evaluated, the entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increase.

When a group entity transacts with its associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the consolidated entity.

(IX) Property, plant and equipment

Property, plant, and equipment are stated at cost minus accumulated depreciation.

Property, plant, and equipment in the course of construction are carried at cost. The assets were measured at the lower of the costs and net realizable value to the extent of being ready for use. The proceeds from sale and costs thereof were classified into the profits and losses. Such properties are classified to the appropriate categories of property, plant, and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant, and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use

Investment property is initially measured at cost (including transaction costs), and the subsequent measurement is the cost minus accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds, and the carrying amount of the asset is included in profit or loss.

(XI) Goodwill

The goodwill obtained from a business combination is based on the amount of goodwill recognized on the acquisition date as the cost. Subsequent measurement is based on the cost minus the accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units that the consolidated entity expects to benefit from the synergy of the merger (hereafter abbreviated to "cash-generating unit").

The cash-generating unit of the assessed goodwill conducts an impairment test of the unit every year (and when there are signs that the unit may have been impaired) by comparing the carrying value of the unit containing the goodwill and its recoverable amount. If the goodwill allocated to the cash-generating unit is obtained from a business combination in the current year, then the unit shall conduct an impairment test before the end of the current year. If the recoverable amount of the cash-generating unit of the assessed goodwill is lower than its carrying value, the impairment losses are to first reduce the carrying value of the cash-generating unit’s assessed goodwill, and then reduce the carrying value of each asset in proportion to the carrying value of the other assets in the unit. Any impairment losses are directly recognized as losses for the current year. Goodwill impairment losses shall not be reversed in subsequent periods.

When disposing of a certain operation within the cash-generating unit of the assessed goodwill, the amount of goodwill related to the dispositioned operation is included in the carrying value of the operation to determine the disposition profit and loss.

(XII) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost minus accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

(XIII) Impairment of property, plant and equipment, right of use assets, investment properties and intangible assets

The consolidated entity evaluates on each balance sheet date whether there are any signs of possible impairment of property, plant and equipment, right of use assets, and intangible assets If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

(XIV) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

1. Measurement Category

   Financial assets held by the merged company are financial assets measured at amortized cost.

   Financial assets that meet the following conditions are subsequently measured at amortized cost:

   (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and

   (2) The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

   Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and trade receivables at amortized cost, other receivables, other financial asset and refundable deposits) are measured at amortized cost, which equals to the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

   Credit-impaired financial assets refer to when there is a significant financial difficulty or a breach of contract of the issuer or debtor, the debtor will enter bankruptcy or other financial reorganization, or the disappearance of an active market because the financial instruments are no longer publicly traded.

2. Impairment of financial assets

   The consolidated entity recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

   The consolidated entity always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

   Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

To manage the internal credit risk, the Group determined that the following situations represent a default of financial assets without considering the collateral information:

(1) Internal or external information indicates that debt settlement is no longer possible for the debtor.

(2) Past due more than 90 days, unless there is reasonable evidence as the appropriate reason for the delay.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. Derecognition of financial assets

The consolidated entity derecognizes a financial asset only when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

For derecognition of financial assets measured at amortized cost, any difference between the carrying amount and consideration is recognized as gains/losses.

<u>Financial liabilities</u>

1. Subsequent measurement

The financial liabilities are measured at amortized cost using the effective interest method.

2. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XV) Revenue recognition

The consolidated entity identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date the consolidated entity transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the consolidated entity does not adjust the promised amount of consideration for the effects of a significant financing component.

For the revenue from sale of goods, when the products are delivered, shipped or provided to the destination designated by the customers and the customers take over the products, the Company recognizes the revenue and receivable accounts at the same time.

(XVI) Leasing

The consolidated entity evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of establishment.

1. The consolidated company as the lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under the operating lease, the rent less the lease incentives were recognized as income based on the straight-line method in the duration of the leasehold. The original direct cost generated from operating leases plus the carrying amount of underlying assets was stated as expenses on a straight-line basis over the lease term.

2. The consolidated company as the lessee

The consolidated entity recognizes right-of-use assets and lease liabilities from the lease start date, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost at initiation (including the initial amount of lease liability, lease payments made before the lease start date, and the initial direct cost), and subsequently at cost less accumulated depreciation and accumulated impairment loss with adjustments made to the remeasurement account for lease liability. Right-of-use assets are presented individually on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life or upon expiry of the lease tenor, whichever is earlier.

The lease liabilities are measured based on the present value of the lease payment (including fixed payment). If the implied interest rate of a lease is easy to be confirmed, the rate is applied to discount the lease payment. If the rate is not easy to be confirmed, the lessee's incremental borrowing rate of interest will be applied.

Subsequently, the lease liabilities are measured at the amortized cost under the effective interest method, and the interest expense are allocated during the lease periods. If there is any change in the lease period the consolidated company shall re-measure the lease liabilities, and relatively adjusts the right-of-use assets, provided that if the carrying amount of the right-of-use asset has decreased to zero, the remaining re-measured amount is recognized in into the income. For the leasehold modification not treated as the separate leasehold, the lease liability remeasurement resulting from reduction of the scope of lease refers to reduction of the right-of-use assets, and profit or loss from termination of the lease, in whole or in part, is recognized. The lease liability remeasurement resulting from other modifications refers to adjustment of the right-of-use assets. Lease liabilities are presented individually on the balance sheet.

(XVII) Borrowing cost

All borrowing costs are stated as income when they are incurred.

(XVIII) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the consolidated entity will comply with the conditions attached to the government subsidies and will receive the subsidies.

Government subsidies related to income are recognized in other revenues on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the consolidated company.

If government subsidies are used to offset expenses or losses incurred, or used for the purpose of providing immediate financial support to the consolidated entity and there are no future related costs, they are recognized in profit and loss during the period when they can be collected.

(XIX) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(XX) Taxation

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

1. Current income tax

The consolidated entity determines current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction, based on the calculation of income tax payable (recoverable).

Income tax on undistributed surplus earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China and recognized in the annual resolution of the shareholders' meeting.

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

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liability is generally recognized for all taxable temporary differences, while deferred tax asset is recognized is recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the consolidated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income taxes

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

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Major sources of estimation and assumption uncertainty - Provision for impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The consolidated entity uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the consolidated entity’s historical experience, and existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 1,869	$ 1,356
Checking accounts and demand deposits	170,350	226,689
	$ 172,219	$ 228,045

VII. Financial assets measured at amortized cost - current

	December 31, 2022	December 31, 2021
Restricted bank demand deposits	$ 42,929	$ 55,425
Bank time deposits with original maturities of more than 3 months	16,855	15,340
	$ 59,784	$ 70,765
Rates of interest per annum (%)		
Restricted bank demand deposits	1.05	0.03
Bank time deposits with original maturities of more than 3 months	1.33-3.60	0.03

For the information about pledge of the financial assets measured at amortized cost, please refer to Note XXIV.

The Company has gained approval from the National Taxation Bureau of the Ministry of Finance, in accordance with the Regulations on Investment from Repatriated Offshore Funds and has put forward an investment plan to the Ministry of Economic Affairs. In accordance with the Regulations, the funds from the restricted bank demand deposits are limited to approved plans and cannot be used for other purposes.

VIII. Notes receivable and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable - operating	$ 278,812	$ 187,325
Less: Loss allowance	(3)	-
	$ 278,809	$ 187,325
Trade receivables - unrelated parties		
Measured by cost after amortization		
Total carrying amount	$ 548,566	$ 868,614
Less: Loss allowance	(135,887)	(122,789)
	$ 412,679	$ 745,825
Accounts receivables - related parties		
Measured by cost after amortization		
Total carrying amount	$ 37,284	$ 24,403
Less: Loss allowance	-	-
	$ 37,284	$ 24,403

(I) Notes receivable

The aging of notes receivable was as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 278,812	$ 187,325
Past due	-	-
Total	$ 278,812	$ 187,325

The above aging schedule was based on the number of past due days from the invoice date.

(II) Accounts receivable

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the consolidated entity reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the consolidated company's management believes that the consolidated company's credit risk is significantly reduced.

The consolidated entity recognizes loss provisions on accounts receivable based on expected credit losses over the duration. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the consolidated entity's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the consolidated entity's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Loss provisions on accounts receivable recognized by the consolidated entity are as follows:

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
December 31, 2022					
Expected credit loss rate (%)	0-1	1-3	5-100	100	
Total carrying amount	$ 428,844	$ 23,065	$ 690	$ 133,251	$ 585,850
Allowance for loss (Expected credit loss during the period)	(1,903)	(657)	(76)	(133,251)	(135,887)
Amortized cost	$ 426,941	$ 22,408	$ 614	$ -	$ 449,963
December 31, 2021					
Expected credit loss rate (%)	0-1	0-20	5-50	100	
Total carrying amount	$ 628,747	$ 33,235	$ 125,123	$ 105,912	$ 893,017
Allowance for loss (Expected credit loss during the period)	(5,601)	(822)	(19,001)	(97,365)	(122,789)
Amortized cost	$ 623,146	$ 32,413	$ 106,122	$ 8,547	$ 770,228

The accounts receivable already overdue for more than 91 days, NT$8,547 thousand, on December 31, 2021 have already been collected subsequently. Therefore, no allowance for loss was provided.

The movements of the loss allowance of notes and accounts receivables are as follows:

	2022	2021
Balance at Beginning of Year	$ 122,789	$ 92,537
Provision of impairment loss for the current year	10,959	31,302
Actual write-offs for the current year	(589)	-
Foreign exchange gains and losses	2,731	(1,050)
Balance at End of Year	$ 135,890	$ 122,789

IX. Inventories

	December 31, 2022	December 31, 2021
Raw materials and supplies	$ 281,180	$ 361,862
Finished goods	293,564	325,059
Merchandise	97,762	59,309
Inventories in transit	8,405	6,341
	$ 680,911	$ 752,571

The nature of the cost of goods sold was as follows:

	2022	2021
Cost of inventories sold	$ 2,514,934	$ 2,744,580
Inventory devaluation (or reversal ns)	11,439	(12,462)
Unallocated production overhead	36,560	32,918
Revenue from sale of scraps	(1,707)	(1,769)
Others	9,951	4,646
	$ 2,571,177	$ 2,767,913

A rebound in net realizable value of inventories was caused by increases in the sales prices of inventory in specific markets.

X. SUBSIDIARIES

Subsidiary included in the consolidated financial statements:

		% of Ownership	
Investor	Investee	December 31, 2022	December 31, 2021
The Company	NEOLITE INVESTMENTS LIMITED (NEOLITE)	100	100
	GIANT STAR TRADING CO., LTD (Giant Star Trading Co.)	100	100
	CHEM-MAT TECHNOLOGIES CO., LTD (CHEM-MAT)	100	100
	U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED（U-BEST）	100	100
	SUCCESS INVESTMENTS LIMITED（SUCCESS）	100	100
	TOPWELL ELASTIC TECHNOLOGY CO., LTD (TOPWELL)	100	100
Giant Star Trading Co.	NEOTOP INVESTMENTS LIMITED（NEOTOP）	100	100
	NEOWIN INVESTMENTS LIMITED（NEOWIN）	-	100
CHEM-MAT	LEADERSHIP (SHANGHAI) CO., LTD (LEADERSHIP)	100	-
NEOTOP	TOPCO (SHANGHAI) CO., LTD (TOPCO)	100	100
NEOWIN	LEADERSHIP SHANGHAI	-	100
NEOLITE	LIBERTY BELL INVESTMENTS LTD. (LIBERTY BELL)	100	100
LIBERTY BELL	BAOJIAN CHEMICAL CO.,LTD (BAOJIAN)	100	100
SUCCESS	VIETNAM SUNYAD TECHNOLOGY LIMITED（SUNYAD）	100	100

Refer to Tables 5 and 6 following the notes to consolidated financial statements for the information on subsidiaries' places of incorporation and principal places of business.

NEOWIN transferred 100% of the equity held by it in LEADERSHIP to CHEM-MAT at the price of US$246 thousand in January 2022. Meanwhile, the Company resolved to liquidate NEOWI in October 2022. The liquidation was completed in 2022.

The consolidated company increase capital in SUNYAD by US$1,000 thousand via SUCCESS in July 2022.

The profit and loss of subsidiaries that adopt the equity method and the share of other comprehensive income are recognized based on the financial reports of each subsidiary having been audited by accountants during the same period.

XI. PROPERTY, PLANT, AND EQUIPMENT

2022	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at Beginning of Year	$ 730,988	$ 803,440	$ 1,216,272	$ 26,949	$ 318,333	$ 3,095,982
Add	-	3,088	23,329	2,257	22,181	50,855
Disposal	-	-	(40,959)	(1,103)	(618)	(42,680)
Reclassified	-	6,428	45,796	-	6,184	58,408
Effects of Foreign Currency Exchange Differences	1,658	13,063	9,466	320	1,646	26,153
Balance at End of Year	$ 732,646	$ 826,019	$ 1,253,904	$ 28,423	$ 347,726	$ 3,188,718
Accumulated depreciation						
Balance at Beginning of Year	-	$ 452,663	$ 1,042,370	$ 20,232	$ 228,574	1,743,839
Add	-	27,430	43,237	2,450	22,021	95,138
Disposal	-	-	(38,864)	(1,103)	(568)	(40,535)
Effects of Foreign Currency Exchange Differences	-	7,024	8,691	260	1,255	17,230
Balance at End of Year	$ -	$ 487,117	$ 1,055,434	$ 21,839	$ 251,282	$ 1,815,672
Net end-of-year amount	$ 732,646	$ 338,902	$ 198,470	$ 6,584	$ 96,444	$ 1,373,046

2021	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at Beginning of Year	$ 418,995	$ 737,084	$ 1,243,387	$ 24,220	$ 249,065	$ 2,672,751
Add	315,368	51,989	19,240	884	31,961	419,442
Disposal	-	-	(29,422)	(298)	(4,047)	(33,767)
Reclassified	-	20,306	(12,799)	2,538	42,060	52,105
Effects of Foreign Currency Exchange Differences	(3,375)	(5,939)	(4,134)	(395)	(706)	(14,549)
Balance at End of Year	$ 730,988	$ 803,440	$ 1,216,272	$ 26,949	$ 318,333	$ 3,095,982
Accumulated depreciation						
Balance at Beginning of Year	$ -	$ 430,139	$ 1,055,905	$ 18,073	$ 186,120	$ 1,690,237
Add	-	25,965	46,618	2,634	19,573	94,790
Disposal	-	-	(28,890)	(179)	(3,984)	(33,0533)
Reclassified	-	-	(27,477)	-	27,477	-
Effects of Foreign Currency Exchange Differences	-	(3,441)	(3,786)	(296)	(612)	(8,135)
Balance at End of Year	$ -	$ 452,663	$ 1,042,370	$ 20,232	$ 228,574	$ 1,743,839
Net end-of-year amount	$ 730,988	$ 350,777	$ 173,902	$ 6,717	$ 89,759	$ 1,352,143

Depreciation expenses are provided on a straight-line basis over useful years shown as follows:

Building	
Main building of the factory premises	25 to 50 years
Additional project	2-50 years
Others	5 years
Machinery and equipment	2-10 years
Transportation equipment	5 years
Other equipment	
Office equipment	2-10 years
Landscape gardening	15 years
Others	2-20 years

For the amounts of pledged collateral used as property, plant and equipment loan guarantees, please refer to Note XXIV.

XII. Lease arrangements

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	$ 168,702	$ 160,550
Building	37,345	-
	$ 206,047	$ 160,550

	2022	2021
Increases in right of use assets	$ 40,373	$ -
Depreciation expenses of right-of-use assets		
Land	$ 5,917	$ 5,626
Building	3,028	-
	$ 8,945	$ 5,626

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 3,866	$ -
Non-current asset	$ 33,635	$ -

The discount rate of lease liabilities (%) is stated as following:

	December 31, 2022	December 31, 2021
Building	1.14	-

(III) Major leasing activities and terms

It is the consolidated entity's land use rights in mainland China and in Vietnam respectively recognized as current year expenses in 1957 and as the average from 1959 to 1960. The land use is for the construction of production plants, offices and staff dormitories. The Company’s building use right in Nantou City, Taiwan, effective for 10 years. The building is used as factory premises and warehouse.

(IV) Other lease information

	2022	2021
Short-term lease expenses	$ 4,899	$ 5,023
Low-value asset lease expenses	$ 380	$ 426
Total cash outflow from rent	$ 8,482	$ 5,449

XIII. Goodwill

	2022	2021
Balance at Beginning of Year	$ 40,715	$ 44,960
Effects of Foreign Currency Exchange Differences	2,993	(4,245)
Balance at End of Year	$ 43,708	$ 40,715

The consolidated entity acquired U-BEST, SUCCESS and TOPWELL in 2020 respectively. The consideration paid includes the expected merger synergy. Because the transfer consideration exceeds the fair value of the acquired identifiable assets and liabilities, it is recognized as goodwill on the acquisition date.

XIV. Loans

(I) Short-term bank borrowings

	December 31, 2022	December 31, 2021
Credit loans	$ 529,500	$ 568,440
Secured borrowings	370,201	544,482
Letter of credit loans	9,852	26,123
	$ 909,553	$ 1,139,045
Rates of interest per annum (%)		
Credit loans	1.66-2.44	0.44-1.23
Secured borrowings	1.73-3.90	1.00-4.05
Letter of credit loans	1.92-6.72	1.15-1.39

Mortgage loans are secured by the mortgages of the consolidated company's own land, buildings, and other financial assets. Please refer to Note XXIV.

(II) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 110,000	$ 130,000
Less: Unamortized discounts on bills payable	(140)	(74)
	$ 109,860	$ 129,926
Interest Rates (%)	1.45-1.55	0.67-0.74

(III) Long-term bank borrowings

	December 31, 2022	December 31, 2021
Credit loans	$ 280,000	$ 280,000
Secured borrowings	150,617	207,117
	430,617	487,117
Less: Current portion	(54,000)	(56,500)
Long-term borrowings	$ 376,617	$ 430,617
Rates of interest per annum (%)		
Credit loans	1.05	1.05
Secured borrowings	1.81-1.91	1.22-1.26

Mortgage loans are secured by the mortgages of the consolidated entity's own land and buildings. Please refer to Note XXIV.

XV. Other payables

	December 31, 2022	December 31, 2021
Payable for salaries and bonuses	$ 47,061	$ 38,412
Payable for commissions and professional service fees	17,955	24,477
Payable for freight	5,016	7,661
Payable for purchase of equipment	4,595	1,743
Payable for employee's compensation and remuneration of directors and supervisors	4,050	1,089
Others	29,508	37,134
	$ 108,185	$ 110,516

XVI. RETIREMENT BENEFIT PLANS

The Company, CHEM-MAT and GIANT STAR of the consolidated entity adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries in China participate in social insurance schemes managed and coordinated by local government agencies. The plan is a system of determining the payment, and paying the pension insurance premium to the government in exchange for managing the social insurance plan, which is included in the current expense when the offer is made.

The employees of the consolidated entity's subsidiaries in Vietnam and Thailand should be identified as the members of the retirement benefit plans operated by the governments of said countries respectively. Each of the subsidiaries shall allocate a specific percentage of the wage costs, in order to raise the fund for the retirement benefit plan. The obligation to be borne by the consolidated entity under the retirement benefit plan operated by the government is limited to allocation of the specific fund.

Other subsidiaries and sub-subsidiaries that are not registered in accordance with the laws of the Republic of China are not required to establish pension regulations, nor provide pensions in accordance with local laws and regulations.

XVII. EQUITY

(I) Share capital from common stock

	December 31, 2022	December 31, 2021
Authorized shares (thousand shares)	120,000	120,000
Authorized capital stock	$ 1,200,000	$ 1,200,000
Shares issued and received in full (In Thousands)	99,388	99,388
Issued share capital	$ 993,880	$ 993,880

(II) Capital surplus

	December 31, 2022	December 31, 2021
Issuance of common shares	$ 70,860	$ 70,860
Treasury share transactions	27,157	27,157
	$ 98,017	$ 98,017

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year). However, capitalization of this reserve is capped at a certain percentage of the Company's paid-up capital each year.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a Statutory reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The dividend policy considers the future operating expansion and capital expenditures meet the best capital budget and diluted earnings per share, and the annual allocated surplus accounts for at least 50% of the available surplus. Distribution of profits may also be made by way of cash dividend provided; however, the ratio of share dividend shall exceed 25% of total distribution.

An appropriation of earnings to a Statutory reserve shall be made until the Statutory reserve equals the Company's paid-in capital. The Statutory reserve may be used to offset deficit. If the Company has no deficit and the Statutory reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held its Annual General Meetings in June 2022 and August 2021 and passed resolutions for its 2021 and 2020 earnings distributions as follows:

	Appropriation of Earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Statutory reserves	$ 1,006	$ 7,401		
Appropriation (reversal) of special reserve	12,689	(9,986)		
Cash dividend	-	49,694	$ -	$ 0.5

In March 2023, the Company's Board of Directors proposed the 2022 earnings distribution plan as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Statutory reserves	$ 3,521	
Reversal special reserve	(24,313)	
Cash dividend	49,694	$ 0.5

The earnings distribution plan for 2022 has yet to be resolved at the Annual General Meeting that is expected to be held in June 2023.

XVIII. NET PROFIT

(I) Depreciation and amortization

	2022	2021
Summarization of depreciation expenses by function		
Operating costs	$ 66,746	$ 63,373
Operating expenses	37,337	37,130
	$ 104,083	$ 100,503
Summarization of amortization expenses by function		
Operating costs	$ 346	$ 145
Operating expenses	1,396	1,052
	$ 1,742	$ 1,197

(II) Employee benefit expenses

	2022	2021
Short-term employee benefits	$ 254,407	$ 230,144
Retirement benefits		
Defined contribution plans	13,434	12,407
Other employee benefits	21,084	17,053
Total employee benefit expenses	$ 288,925	$ 259,604
Summarization by function		
Operating costs	$ 134,817	$ 110,938
Operating expenses	154,108	148,666
	$ 288,925	$ 259,604

(III) Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of 3% to 5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The remuneration to employees and directors/supervisors estimated for 2022 and 2021 was resolved by the Board of Directors in 2023 and in March 2022 as follows:

	2022	2021
Remuneration to employees	$ 2,353	$ 203
Remuneration of directors and supervisors	941	81

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are to be recorded as a change in the accounting estimate.

There are no differences between the actual allotment amounts of employee remuneration and directors and supervisors' remuneration for 2021 and 2020 and the amounts recognized in the consolidated financial statements for 2021 and 2020.

For information about the remuneration of employees and the remuneration of directors and supervisors as decided by the Board of Directors of the company, please go to the Market Observation Post System of the Taiwan Stock Exchange for inquiries.

XIX TAXES

(I) Income tax recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	2022	2021
Current income tax		
In respect of the current year	$ 10,658	$ 12,019
Separate taxation on repatriation of overseas funds	-	5,523
Tax refund on repatriation of overseas funds	(2,293)	-
Adjustments for prior years	259	(158)
	8,624	17,384
Deferred tax		
In respect of the current year	(612)	(21,033)
Income tax expense recognized in profit or loss (Profit)	$ 8,012	($ 3,649)

The accounting income and income tax expenses (gains) are adjusted as follows:

	2022	2021
Income tax expense calculated at the statutory rate	$ 8,644	$ 1,282
Nondeductible expenses in determining taxable income	7,697	6,168
Not recognized income in determining taxable income	(5,727)	(15,154)
Effect of different tax rate of group entities operating in other jurisdictions	(568)	(1,310)
Separate taxation on repatriation of overseas funds	-	5,523
Tax refund on repatriation of overseas funds	(2,293)	-
Adjustments for prior years' tax	259	(158)
Income tax expense recognized in profit or loss (Profit)	$ 8,012	($ 3,649)

(II) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2022	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
Deferred tax assets				
Temporary differences				
Inventory write-downs	$ 3,819	($ 654)	$ -	$ 3,165
Exchange differences on translating the financial statements of foreign operations	7,658	-	(4,127)	3,531
Investment accounted for using the equity method	12,369	(3,128)	-	9,241
Allowance for losses	5,513	(514)	-	4,999
Others	2,475	1,092	-	3,567
	$ 31,834	($ 3,204)	($ 4,127)	$ 24,503
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 42,308	($ 5,070)	$ -	$ 37,238
Exchange differences on translating the financial statements of foreign operations	2,738	-	2,891	5,629
Others	27	1,254	-	1,281
	$ 45,073	($ 3,816)	$ 2,891	$ 44,148
2021				
Deferred tax assets				
Temporary differences				
Inventory write-downs	$ 4,686	($ 867)	$ -	$ 3,819
Exchange differences on translating the financial statements of foreign operations	5,224	-	2,434	7,658
Investment accounted for using the equity method	9,907	2,462	-	12,369
Allowance for losses	5,355	158	-	5,513
Others	3,694	(1,219)	-	2,475
	$ 28,866	$ 534	$ 2,434	$ 31,834
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 62,624	($ 20,316)	$ -	$ 42,308
Exchange differences on translating the financial statements of foreign operations	3,476	-	(738)	2,738
Others	210	(183)	-	27
	$ 66,310	($ 20,499)	($ 738)	$ 45,073

(III) Income tax assessments

Income tax returns of the Company and Chen-Mat through 2019, and Giant Star through 2020 have been examined and cleared by the tax authorities.

XX. EARNINGS PER SHARE

Unit: NT$ per share

	2022	2021
Basic earnings per share	$ 0.35	$ 0.10
Diluted earnings per share	$ 0.35	$ 0.10

The net profit and weighted average number of common stocks used to calculate the Earnings per Share are stated as following:

Net income

	2022	2021
The net profit used to calculate the Earnings per Share	$ 35,210	$ 10,057
The net profit used to calculate the diluted Earnings per Share	$ 35,210	$ 10,057

Quantity of shares

Unit: Thousand Shares

	2022	2021
The weighted average number of common stocks used to calculate the Earnings per Share	99,388	99,388
Effect of potentially dilutive ordinary shares:		
Remuneration to employees	158	56
The weighted average number of common stocks used to calculate the diluted Earnings per Share	99,546	99,444

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares should is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXI. CAPITAL MANAGEMENT

The consolidated entity manages their capital to ensure that entities in the consolidated entity will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the consolidated company consists of net debt (borrowings offset by cash) and equity attributable to owners of the consolidated company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the consolidated entity regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

XXII. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments

1. Financial instruments carried at fair value

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable as follows:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

(3) Level 3 inputs are unobservable inputs for the asset or liability

In 2022 and 2021, there will be no transfer of fair value measurement between Level 1 and Level 2.

2. Financial instruments not carried at fair value

The fair value of financial assets and financial liabilities is determined in the following:

(1) The fair value of short-term financial instruments is estimated by their carrying amount on the balance sheet for the carrying amount at the end of reporting period because the maturity date is close to the reporting date or the payment price is similar to the carrying amount. The carrying amount should be a reasonable basis for the estimated fair value. This method is applied to cash, financial assets measured at amortized cost-current, notes and accounts receivable, other receivables/payables, refundable deposits, short-term bank loans, short-term notes and bills payable and refundable deposits.

(2) The fair value of long-term borrowings (including current portion) is determined using the discounted value of future cash flow. If the Company's long-term borrowings rate is a floating rate, the carrying amount is equal to the fair value.

(II) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost (Note 1)	$ 963,979	$ 1,269,251
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,789,276	2,218,761

Note 1: Balances include financial assets measured at amortized cost including cash, financial assets measured at amortized cost-current, notes and accounts receivable, other receivables, and refundable deposit, etc.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, other payables, and long-term borrowings (including current portion).

(III) Financial risk management objectives and policies

The consolidated entity's major financial instruments include trade receivables, trade payables, and borrowings. The consolidated entity’s corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the consolidated entity through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the consolidated entity's exposure to market risks or the manner in which these risks are managed and measured. The major financial risks are as follows:

(1) Foreign currency risk

The consolidated entity has foreign currency sales and purchases, which exposed the consolidated entity to foreign currency risk.

The carrying amounts of the consolidated company's non-functional foreign currency denominated monetary assets and monetary liabilities (including non-functional foreign currency denominated monetary items written-off on the consolidated financial statements) at the end of the reporting period are set out in Note XXVI.

Sensitivity analysis

The consolidated entity's sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period. A positive number below indicates an increase in post-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on the net profit after tax and the balances below would be negative.

Currency	2022	2021
NTD:USD	$ 2,127	$ 2,729
CNY:USD	980	1,148
NTD:CNY	277	205
THB to USD	(611)	(438)

The sensitivity rate used by the Group when reporting foreign currency risk internally to key management personnel is 1%, which represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The carrying amount of the consolidated entity's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 16,885	$ 15,340
Financial liabilities	831,441	1,097,526
Cash flow interest rate risk		
Financial assets	213,219	274,705
Financial liabilities	656,090	658,562

Sensitivity analysis

For financial assets and liabilities of the consolidated company with floating interest rates, when interest rates change by 0.25%, and other conditions remain unchanged, the consolidated company's net profit before tax for 2022 and 20219 would change by NT$1,107 thousand and NT$961 thousand, respectively.

2. Credit risk

The consolidated entity's transactions are targeted at reputable financial and securities institutions, and it also transacts with a number of financial institutions to spread the risks, so the probability of default from contractual counterparty is very low; even if the other party defaults, the consolidated entity will not suffer significant loss.

The Group is required to go through the credit confirmation procedure only after it has dealt with the approved third party, and the policy of the Group is to conduct credit transactions with the customer, and to regularly assess the possibility of recovering the receivables while providing appropriate allowances for doubtful debts, so the Group doesn't expect the possibility of major losses.

3. Liquidity risk

The consolidated entity has built an appropriate liquidity risk management framework for the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining sufficient reserve or banking facilities, obtaining the loan commitment, collecting debts proactively, and continuously monitoring forecast and actual cash flow as well as the maturity profiles of financial assets and liabilities. As of December 31, 2022 and 2021, the consolidated company's unused bank financing lines were NT$848,827 thousand and NT$872,677 thousand respectively.

Liquidity and interest rate risk tables

The following table details the consolidated entity's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flow of financial liabilities from the earliest date on which the consolidated entity can be required to pay.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

Non-derivative financial liabilities	Less Than 1 Year	1~5 years	5~10 years
December 31, 2022			
Non-interest bearing liabilities	$ 338,805	$ -	$ -
Lease liabilities	4,270	17,078	18,146
Variable interest rate liabilities	559,473	96,617	-
Fixed interest rate liabilities	513,940	280,000	-
	$ 1,416,488	$ 393,695	$ 18,146

Non-derivative financial liabilities	Less Than 1 Year	1~5 years	5~10 years
December 31, 2021			
Non-interest bearing liabilities	$ 462,239	$ -	$ -
Variable interest rate liabilities	507,945	150,617	-
Fixed interest rate liabilities	817,526	280,000	-
	$ 1,787,710	$ 430,617	$ -

XXIII. TRANSACTIONS WITH RELATED PARTIES

Transactions, account balances, income and expense between consolidated entities have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, relationship and transactions of the consolidated entity with other related parties are disclosed below:

(I) Related party name and category

Name of related party	Related Party Category
AICA	The Company's parent
PT. PT. AICA INDRIA (PT. AICA)	Fellow subsidiary
AICA NEW ZEALAND Ltd. (AICA NEW ZEALAND)	Fellow subsidiary
Shenyang AICA-HOPE Kogyo Co., Ltd.	Fellow subsidiary
Dynea (Guangdong) Co., Ltd. (Dynea)	Fellow subsidiary
AICA Chemicals (M) Sdn. Bhd.（AICA Malaysia）	Fellow subsidiary
AICA Bangkok Co., Ltd. (AICA Thailand)	Fellow subsidiary
Aica Dongnai Co., Ltd. (AICA Dongnai)	Fellow subsidiary
Pou Chen Corporation and its subsidiaries	Other related parties (affiliated companies of the company's corporate directors)
Yue Yuen Industrial (Holdings) Limited and its subsidiaries	Other related parties (affiliated companies of the company's corporate directors)

(II) Sales of goods

Accounts	Related Party Category/Name	2022	2021
Sales	Other related parties	$ 186,561	$ 109,192
	Parent company	119,681	99,570
	Fellow subsidiary	11,655	5,926
		$ 317,897	$ 214,688
Other revenue	Parent company	$ 979	$ 746

The sales transactions of the consolidated entity to related parties are quoted based on the differences between the products and the acceptance of the market, and the credit period is from 60 days to 180 days.

Accounts	Related Party Category/Name	2022	2021
Purchases of goods	Parent company	$ 7,938	$ 7,490

The purchase price and payment term between the consolidated entity and related parties were similar to those for third parties.

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

Accounts	Related Party Category/Name	December 31, 2022	December 31, 2021
Net trade receivables	Other related parties	$ 27,619	$ 15,055
	Parent company	7,321	9,141
	Fellow subsidiary	2,344	207
		$ 37,284	$ 24,403

The outstanding trade receivables from related parties are unsecured.

The following balances of trade payables from related parties were outstanding at the end of the reporting period:

Accounts	Related Party Category/Name	December 31, 2022	December 31, 2021
Trade payables	Parent company	$ 1,927	$ 1,234
Other payables	Other related parties	$ 149	$ 182

(III) Payables to related parties

The following balances of trade payables from related parties were outstanding at the end of the reporting period.

	2022	2021
Short-term employee benefits	$ 11,447	$ 9,784
Retirement benefits	243	220
	$ 11,690	$ 10,004

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXIV. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 502,448	$ 503,577
Disposal of financial assets measured at amortized cost -current	16,855	15,340
	$ 519,303	$ 518,917

XXV. Significant contingent liabilities and unrecognized contract commitments

The consolidated company has the following major commitments on the balance sheet date:

(I) As of December 31, 2022 and 2021, the outstanding balances of letters of credit that had been opened were approximately US$300 thousand and US$723 thousand, respectively.

(II) The consolidated company's unrecognized contractual commitments are stated as following:

	December 31, 2022	December 31, 2021
Payments for property, plant, and equipment	$ 36,300	$ -

XXVI. The significant assets and liabilities denominated in foreign currencies

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2022		
Financial assets	Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 8,787	30.71 (USD:NTD)	$ 269,849
USD	3,839	6.967 (USD:CNY)	117,896
RMB	6,287	4.408 (CNY:NTD)	27,713
Financial liabilities			
Monetary items			
USD	1,862	30.71 (USD:NTD)	57,182
USD	648	6.967 (USD:CNY)	19,900
USD	729	23,270 (USD:VND)	22,388
USD	1,991	34.347 (USD:THB)	61,144

Financial assets	December 31, 2021 Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 12,906	27.68 (USD:NTD)	$ 357,238
USD	6,056	6.372 (USD:CNY)	167,630
RMB	4,726	4.344 (CNY:NTD)	20,530
Financial liabilities			
Monetary items			
USD	3,046	27.68 (USD:NTD)	84,313
USD	1,910	6.372 (USD:CNY)	52,869
USD	798	22,801 (USD:VND)	22,089
USD	1,619	33.162 (USD:THB)	44,814

The merged company is mainly responsible for the US Dollar and Euro foreign exchange rate risk. The following information was aggregated by the functional currencies of the consolidated entity, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gain (losses) were as follows:

	2022		2021	
Functional currency	Functional currency converted to presentation currency	Net exchange losses (gains)	Functional currency converted to presentation currency	Net exchange losses (gains)
NTD	1 (NTD:NTD)	$ 34,723	1 (NTD:NTD)	($ 8,455)
THB	0.856 (THB:NTD)	(4,495)	0.882 (THB:NTD)	(5,862)
RMB	4.422 (CNY:NTD)	10,666	4.341 (CNY:NTD)	(4,280)
USD	29.805 (USD:NTD)	349	28.009 (USD:NTD)	1,861
		$ 41,243		($ 16,736)

XXVII. SEPARATELY DISCLOSED ITEMS

(I) Information about significant transactions and investees and (II) Transfer investment information:

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held at the end of the period: None.
4. Marketable securities acquired and disposed of at costs or prices at least $300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital. (Table 3)
8. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Intercompany relationships and significant intercompany transactions. (Table 4)
11. Information on investees. (Table 5)

(III) Investments in Mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 4)
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
   (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(IV) Information on principal shareholders: The names, amounts, and proportions of shares of shareholders with a shareholding ratio of 5% or more: Table 7.

XXVIII. Department information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The consolidated entity's segment information is disclosed as follows:

(I) Segment revenues and results

1. Domestic operations - manufacturing and sales in Taiwan.
2. Asia operations - manufacturing and sales in Asian countries except Taiwan.

The following was an analysis of the consolidated entity's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit	
	2022	2021	2022	2021
Domestic operations	$ 1,619,490	$ 1,477,516	$ 17,943	$ 39,920
Asia operations	1,337,701	1,723,590	(21,236)	(8,631)
Total for continuing operations	$ 2,957,191	$ 3,201,106	(3,293)	31,289
Interest income			1,557	798
Foreign currency exchange net gains (loss)			40,005	(16,264)
Interest fees			(26,777)	(17,369)
General income and benefits			33,723	13,996
General expenses and losses			(1,993)	(6,042)
Net profits before tax			$ 43,222	$ 6,408

Departmental benefits refer to the profits earned by each department, excluding interest income, net foreign currency exchange gains (losses), interest expenses and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment total assets and liabilities

	December 31, 2022	December 31, 2021
Segment assets		
Domestic operations	$ 2,209,326	$ 2,250,457
Asia operations	1,095,229	1,363,762
Unallocated assets	84,287	102,599
Consolidated total assets	$ 3,388,842	$ 3,716,818
Segment liabilities		
Domestic operations	$ 1,664,744	$ 1,892,913
Asia operations	184,451	346,614
Unallocated liabilities	44,148	45,073
Consolidated total liabilities	$ 1,893,343	$ 2,284,600

For the purpose of monitoring segment performance and allocating resources between segments:

1. All assets were allocated to reportable segments other than financial assets measured at amortized cost-current and deferred income tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and
2. All liabilities were allocated to reportable segments other than deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

(III) Revenue from major products

The following is an analysis of the consolidated entity’s revenue from continuing operations from its major products.

	2022	2021
PU synthetic resin	$ 2,418,376	$ 2,487,488
PE resin	161,954	256,357
Others	376,861	457,261
	$ 2,957,191	$ 3,201,106

(IV) Geographical information

The consolidated entity’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	2022	2021
China (including Hong Kong)	$ 1,512,442	$ 1,275,808
Taiwan	588,996	1,119,419
Others	855,753	805,879
	$ 2,957,191	$ 3,201,106

(V) Information about major customers

In 2022 and 2021, no revenue from a single customer exceeded 10% of the consolidated company's total revenue.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
FINANCING PROVIDED TO OTHERS
January 1 to December 31, 2022

TABLE 1

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

Number	Lender	Loan and counterparty (Note 1)	Financial Statement Account	Related party	Highest Balance for the Period	Balance at End of Year (Note 2)	Actual Borrowing Amount	Interest Rate	Fund lending Type	Business Transaction Amount	Reasons for Short-term Financing	Allowance for bad debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	U-BEST	Other receivables	Yes	$ 14,738 (USD 500)	$ -	$ -	(Note 3)	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 149,550 (Note 4)	$ 598,199 (Note 4)	
1	U-BEST	SUNYAD	Other receivables	Yes	8,785 (VND 6,600,000)	-	-	(Note 3)	Necessary for short-term financing	-	Operating capital	-	—	-	28,460 (Note 5)	28,460 (Note 5)	

Note 1: Significant intercompany accounts and transactions have been eliminated.
Note 2: The ending balance amount has been approved by the board of directors.
Note 3: Interest rate according to bank loan contract.
Note 4: The loan and limit and total limit of individual funds are limited to the sum of 10% of the Company's net worth and the monthly average transaction value over the previous year, or 40% of the Company's net worth.
Note 5: The limit of lent funds for individual counterparties and the total limit shall be respectively be the sum of 40% of U-BEST's net value and the monthly average transaction volume within the most recent year and 40% of U-BEST's net value.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
January 1 to December 31, 2022

TABLE 2

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

Number	Endorser/ Guarantor	Endorsee/Guarantee		Limited endorsements/ guarantees limits (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	The ratio of the accumulated endorsement guarantee amount to the net value of the financial report for the period	Endorsement guarantee maximum limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Company name	Relationship											
0	The Company	LIBERTY BELL	Refer to Note X of consolidated financial statements	$ 747,749	$ 420,375 (USD 15,000)	$ -	$ -	$ -	-	$ 1,046,849	Y	—	—	
		TOPWELL	Refer to Note X of consolidated financial statements	747,749	16,108 (USD 500)	15,355 (USD 500)	15,355 (USD 500)	15,355 (USD 500)	1.03%	1,046,849	Y	—	—	
		Dongguan Baojian Company	Refer to Note X of consolidated financial statements	747,749	273,828 (USD 8,500)	261,035 (USD 8,500)	-	-	17.45%	1,046,849	Y	—	—	

Note: The guarantee limit and maximum limit for individual entity are 50% and 70% of the net worth of the Company, respectively.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
January 1 to December 31, 2022

TABLE 3

Unit: NTD thousand

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	TOPWELL	Subsidiary	(Sales)	($ 157,755)	(8)	T/T 90 days	Note 1	—	$ 61,533	18	(Note 2)

Note 1: The price of sales transactions with related parties is quoted based on product differentiation and market condition.
Note 2: Significant intercompany accounts and transactions have been eliminated.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
January 1 to December 31, 2022

TABLE 4

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

Number	Investee Company (Note 1)	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Company	Dongguan Baojian Company	1	Sales	$ 77,002	T/T 90 days	3
		U-BEST	1	Accounts receivable	20,610	T/T 90 days	1
		U-BEST	1	Sales	72,074	T/T 90 days	2
		TOPWELL	1	Accounts receivable	61,533	T/T 90 days	2
		TOPWELL	1	Sales	157,755	T/T 90 days	5
1	CHEM-MAT	LEADERSHIP SHANGHAI	1	Sales	38,366	T/T 210 days	1
		LEADERSHIP SHANGHAI	1	Accounts receivable	25,315	T/T 210 days	1
2	Dongguan Baojian Company	U-BEST	2	Sales	27,066	T/T 90 days	1

Note 1: Significant intercompany accounts and transactions have been eliminated.
Note 2: Relationship of counterparty: (1) parent entity to subsidiary; (2) subsidiary to subsidiary; (3) subsidiary to parent entity.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEES
January 1 to December 31, 2022

TABLE 5

Unit: Thousands of New Taiwan Dollars or Foreign Currencies/Thousands of Shares

Investor	Investee company name	Location	Main business items	Original Investment Amount		As of December 31, 2018			Current net income (loss) of the Investee	Share of investment profit (loss) recognized in the current period
				End of this year	End of last year	Number of Shares	%	Carrying Amount		
The Company	NEOLITE	British Virgin Islands	Financial investment and international trade	$ 413,902	$ 413,902	13,059	100	$ 569,480	$ 10,257	$ 10,257
	Giant Star Trading Co.	Taichung City	Trading of chemical raw materials	97,367	97,367	12,600	100	135,410	(4,544)	(4,544)
	CHEM-MAT	Nantou County	Wholesale of coating, pigments, and industrial catalyst	111,484	111,484	7,199	100	119,763	(5,495)	(2,182)
	U-BEST	Vietnam	Production and sales of PU resin and adhesives	132,314	132,314	-	100	142,841	6,959	4,558
	TOPWELL	Thailand	Synthetic resin trading business	76,201	76,201	8,000	100	36,021	(358)	(148)
	SUCCESS	Samoa	Financial investment and international trade	185,064	155,250	5,000	100	163,827	(5,477)	(10,167)
Giant Star Trading Co.	NEOTOP	Samoa	Financial investment and international trade	58,800	58,800	-	100	91,843	(4,171)	(Note)
	NEOWIN	Samoa	Financial investment and international trade	-	15,553	-	100	-	692	(Note)
NEOLITE	LIBERTY BELL	British Virgin Islands	Financial investment and international trade	563,243 USD 18,126	563,243 USD 18,126	21,000	100	574,180	10,467 USD 155	(Note)
SUCCESS	SUNYAD	Vietnam	Manufacturing and sales of PU synthetic leather products	185,064	155,250	-	100	54,109	(5,477) (USD 185)	(Note)

Note: Not applicable.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
Investments in Mainland China
January 1 to December 31, 2022

TABLE 6

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA	Main business items	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan, beginning	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019(Note 2)	Net Income (Loss) of investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income, ending
					Outward	Inward						
Dongguan Baojian Company	Production and sales of PU resin	$ 512,818 CNY 120,789	(Note 1)	$ 244,425 USD 7,576	$ -	$ -	$ 244,425 USD 7,576	$ 10,546 CNY 2,053	100%	$ 10,546 CNY 2,053	$ 573,019 CNY 129,995	$ -
TOPCO	Wholesale of chemical products	38,922 CNY 8,053	(Note 1)	26,450 USD 820	-	-	26,450 USD 820	(4,175) (CNY 943)	100%	(4,175) (CNY 943)	91,808 CNY 20,827	162,194 CNY 35,789
LEADERSHIP SHANGHAI	Wholesale of chemical products	15,400 CNY 3,474	(Note 1)	15,400 USD 500	-	-	15,400 USD 500	(2,165) (CNY 488)	100%	(2,165) (CNY 488)	1,469 CNY 334	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 412,055 (USD 12,796)	$ 921,115 (USD 29,126) (Note 4)	(Note 5)

Note1: Investments in mainland China were through companies established in the third region.
Note2: Including investment in equipment and expertise, but not including the surplus of investment in China's investment business, and reinvestment of investment in the third region.
Note 3: The financial statements of the investee were audited by the ROC parent company's CPA during the same period.
Note 4: Investment of US$29,126 thousand was authorized by the Investment Commission, MOEA, not including the surplus of investment in China's investment business, and reinvestment of investment in the third region (NEOLITE) of US$ 5,591 thousand.
Note 5: In accordance with "Principle of Examination on Investment or Technical Cooperation in Mainland China" stipulated by the Investment Commission, MOEA on August 29, 2008, the Company obtained the scope certificate for the headquarters issued by the Industrial Development Bureau, MOEA, with no upper limit for the investment amount in mainland China.

Evermore Chemical Industry Co., Ltd.
Information on principal shareholders
December 31, 2022

Table 7

Name of Major Shareholder	Shares	
	Number of shares held (shares)	Shareholding
AICA	49,793,388	50.10%
Ho Wen Chieh	7,003,532	7.04%

Note: Principal shareholder information in this schedule is prepared by the depository corporation based on the last business day at the end of the quarter, calculating the information that shareholders held more than 5% of the Company's common stock and preferred stock that have been delivered without physical registration (including treasury shares). The share capital recorded in the Company’s consolidated financial statements and the actual number of shares delivered without physical registration may be different due to different calculation bases or other differences.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Evermore Chemical Industry Co., Ltd.

Audit Opinion

We have audited the accompanying individual balance sheets of Evermore Chemical Industry Co., Ltd. ("the Company") as at December 31, 2022 and 2021, and the related individual statements of comprehensive income, of changes in equity and of cash flow for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the individual financial position of the Company as at December 31, 2022 and 2021, and its individual financial performance and its individual cash flow for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements of the year 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

<u>Authenticity of revenue recognition for specific customers</u>

The main source of the Company's revenue is the sales of resins, and the sales locations are mainly located in markets such as Asia. In the operating revenue in 2022, the amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the epidemic and changes in the economic environment, there was a significant risk to the authenticity of their revenue and, therefore, the authenticity of revenue recognition for specific customers was listed as a key audit matter. For accounting policies related to revenue recognition, please refer to Note IV of the parent company only financial statements.

The main audit procedures that we have implemented in response to the above key audit matters are as follows:

1. Understand and evaluate internal control design related to inspection and risk in the sales and collection cycle, and execute tests of its effectiveness.
2. Select samples from the sales details of specific customers, review relevant documents such as shipment orders and export declarations, and check whether collection counterparties are consistent with sales counterparties.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Company's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, Individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the governance unit, we have determined key audit matters of the Company's 2022 parent company only financial statements. 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.

Deloitte & Touche

Dai Hsin-Wei, CPA	Su Ting-Chien, CPA

Approval reference of the Securities and Futures Bureau Tai-Tsai-Cheng (VI) No. 0930128050	Approval reference of the Financial Supervisory Commission SFB Shenzi No. 1070323246

March 14, 2023

Evermore Chemical Industry Co., Ltd.
BALANCE SHEETS
December 31, 2022 and 2021

Unit: NTD thousand

Code	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash (Notes IV and VI)	$ 42,611	2	$ 80,623	2
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIV)	59,784	2	70,765	2
1150	Notes receivable (Notes IV, VIII, and XXIII)	67,851	2	98,617	3
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	164,182	5	278,906	8
1180	Accounts receivable due from related parties (Notes IV, IV, and XXIII)	102,575	3	100,820	3
1200	Other receivables (Note XXIII)	5,664	-	21,002	1
1220	Current tax assets (Notes IV and XVIII)	2,691	-	2,691	-
1300	Inventories (Notes IV and IX)	356,545	11	399,112	12
1479	Other current assets	7,504	1	18,789	1
11XX	Total current assets	809,407	26	1,071,325	32
	NON-CURRENT ASSETS				
1550	Investment accounted for using the equity method (Notes IV and X)	1,167,342	37	1,137,415	34
1600	Property, plant, and equipment (Notes IV, XI, and XXIV)	1,107,538	35	1,070,480	32
1755	Right-of-use assets (Notes IV and XXII)	37,345	1	-	-
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	5,999	-	2,490	-
1840	Deferred tax assets (Notes IV and XVIII)	17,975	-	24,442	1
1915	Prepayments for equipment	26,079	1	46,541	1
1920	Refundable deposits	909	-	894	-
15XX	Total non-current assets	2,364,194	74	2,283,269	68
1XXX	TOTAL	$ 3,173,601	100	$ 3,354,594	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes XIII and XXIV)	$ 809,852	26	$ 903,123	27
2110	Short-term bills payable (Note XIII)	109,860	4	129,926	4
2150	Notes payable	4,338	-	25,843	1
2170	Accounts payable (Note XXIII)	164,552	5	273,643	8
2200	Other payables (Notes XIV and XXIII)	67,911	2	59,127	2
2230	Current tax liabilities (Notes IV and XVIII)	8,280	-	2,845	-
2280	Lease liabilities - current (Notes IV and XII)	3,866	-	-	-
2322	Long-term borrowings due within one year (Notes XIII and XXIV)	54,000	2	56,500	1
2399	Other current liabilities- Other	10,608	-	11,639	-
21XX	Total current liabilities	1,233,267	39	1,462,646	43
	Noncurrent liabilities				
2541	Long-term borrowings (Notes XIII and XXIV)	376,617	12	430,617	13
2570	Deferred tax liabilities (Notes IV and XVIII)	34,583	1	29,113	1
2580	Lease liabilities - non-current (Notes IV and XII)	33,635	1	-	-
25XX	Total non-current liabilities	444,835	14	459,730	14
2XXX	Total liabilities	1,678,102	53	1,922,376	57
	EQUITY				
3110	Share capital from common stock	993,880	31	993,880	30
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	223,032	7	222,026	7
3320	Special reserve	24,313	1	11,624	-
3350	Undistributed earnings	152,499	5	130,984	4
3400	Other equity	3,758	-	(24,313)	(1)
3XXX	Total equity	1,495,499	47	1,432,218	43
	TOTAL	$ 3,173,601	100	$ 3,354,594	100

The attached notes form part of this parent-company only financial report

Chairman: Ho Wen-Chieh Manager: Huang Chng-Tze Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
Code		Amount	%	Amount	%
4000	NET SALES REVENUES (Notes IV and XXIII)	$ 1,882,582	100	$ 1,660,798	100
5000	Operating costs (Notes IX, XVII and XXIII)	1,679,993	89	1,460,364	88
5900	Gross profit	202,589	11	200,434	12
5910	UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	(4,166)	-	(1,840)	-
5920	REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	1,840	-	5,223	-
5950	REALIZED GROSS PROFIT	200,263	11	203,817	12
	Operating expenses (Note XVII)				
6100	Selling and marketing expenses	68,710	4	57,154	3
6200	Management expenses	66,613	4	61,955	4
6300	Research and development expenses	47,730	2	46,902	3
6450	Expected credit impairment loss (gain on reversal) (Notes IV and VIII)	(2,696)	-	1,445	-
6000	Total operating expenses	180,357	10	167,456	10
6900	Operating profit	19,906	1	36,361	2
	Non-operating revenue and expenditure				
7010	Other income (Note XXIII)	10,750	-	10,464	1
7020	Other gains and losses	(560)	-	(678)	-
7100	Interest income (Note XXIII)	1,240	-	364	-
7230	Foreign currency exchange net gains (loss)	33,733	2	(6,664)	(1)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7510	Interest fees	($ 19,080)	(1)	($ 13,082)	(1)
7775	Share of losses of subsidiaries and affiliates using the equity method (Note IV)	(2,226)	-	(22,996)	(1)
7000	Total non-operating income and expenses	23,857	1	(32,592)	(2)
7900	Net profits before tax	43,763	2	3,769	-
7950	Income tax expense (gain) (Notes IV and XVIII)	8,553	-	(6,288)	(1)
8200	Net income	35,210	2	10,057	1
	OTHER COMPREHENSIVE INCOME (LOSS) (Note IV)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	34,709	2	(15,642)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note XVIII)	(6,638)	(1)	2,917	-
8300	Other comprehensive income (loss) for the year, net income tax	28,071	1	(12,725)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 63,281	3	($ 2,668)	-
	Earnings per share (Note XIX)				
9750	Basic	$ 0.35		$ 0.10	
9850	Diluted	$ 0.35		$ 0.10	

The attached notes form part of this parent-company only financial report

Chairman: Ho Wen-Chieh Manager: Huang Chng-Tze Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		Ordinary Shares (Note XVI)	Capital Surplus (Note XVI)	Retained earnings (Note XVI) Statutory reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations	Total Equity
A1	Balance on January 1, 2021	$ 993,880	$ 98,017	$ 214,625	$ 21,610	$ 168,036	($ 11,588)	$ 1,484,580
	Earnings allocation and distribution for 2020							
B1	Statutory reserves	-	-	7,401	-	(7,401)	-	-
B5	Cash dividends distributed by the Company - NT$ 0.5 per share	-	-	-	-	(49,694)	-	(49,694)
B17	Reversal of special reserve	-	-	-	(9,986)	9,986	-	-
D1	2021 net profit	-	-	-	-	10,057	-	10,057
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	(12,725)	(12,725)
D5	Total comprehensive income for 2021	-	-	-	-	10,057	(12,725)	(2,668)
Z1	Balance on December 31, 2021	993,880	98,017	222,026	11,624	130,984	(24,313)	1,432,218
	Earnings allocation and distribution for 2021							
B1	Statutory reserves	-	-	1,006	-	(1,006)	-	-
B3	Special reserve	-	-	-	12,689	(12,689)	-	-
D1	2022 net profit	-	-	-	-	35,210	-	35,210
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	28,071	28,071
D5	Total comprehensive income for 2022	-	-	-	-	35,210	28,071	63,281
Z1	Balance on December 31, 2022	$ 993,880	$ 98,017	$ 223,032	$ 24,313	$ 152,499	$ 3,758	$ 1,495,499

The attached notes form part of this parent-company only financial report

Chairman: Ho Wen-Chieh Manager: Huang Chng-Tze Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
INDIVIDUAL CASH FLOW STATEMENT
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	$ 43,763	$ 3,769
A20000	Adjustments for:		
A20100	Depreciation expense	67,109	62,976
A20200	Amortization expense	1,317	757
A20300	Expected credit loss (reversal)	(2,696)	1,445
A20900	Interest fees	19,080	13,082
A21200	Interest income	(1,240)	(364)
A22300	Share of losses of subsidiaries and affiliates using the equity method	2,226	22,996
A22500	Loss on disposal and scrapping of property, plant, and equipment	9	28
A23700	Loss for market price decline and obsolete and slow-moving inventories	11,076	-
A23800	Gains on reversal of market price decline and obsolete and slow-moving inventories	-	(7,369)
A23900	Unrealized (realized) profit from subsidiaries	2,326	(3,383)
A24100	Gain on foreign exchange, net	(9,433)	(2,148)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	30,766	(34,055)
A31150	Accounts receivable	118,278	(113,780)
A31180	Other receivables	1,517	2,110
A31200	Inventories	31,491	(134,270)
A31240	Other current assets	11,285	(12,341)
A32130	Notes payable	(21,505)	(47,252)
A32150	Trade payables	(108,515)	162,953
A32180	Other payables	8,073	(3,906)
A32230	Other current liabilities	(1,031)	5,854
A33000	Cash generated from operations	203,896	(82,898)
A33100	Interest received	1,214	363
A33300	Interest paid	(17,904)	(11,780)
A33500	Income tax refunded (paid)	2,181	(32,490)
AAAA	Net cash generated from (used in) operating activities	189,387	(126,805)
	CASH FLOW FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	-	(79,746)

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Code		2022	2021
B00050	Disposal of financial assets measured at amortized cost	16,900	77,634
B01800	Investments acquired and accounted for using equity method	(29,814)	-
B02700	Payments for property, plant, and equipment	(42,058)	(404,504)
B02800	Proceeds from disposal of property, plant, and equipment	36	25
B03700	Increase in refundable deposits	(120)	(825)
B03800	Decrease in refundable deposits	105	60
B04400	Decrease in other receivables due from related parties	13,909	10,459
B04500	Acquisition of intangible assets	(4,826)	(2,641)
B07100	Increase in prepayments for equipment	(37,946)	(60,732)
B07600	Dividends received from subsidiaries	30,044	110,859
BBBB	Net cash used in investing activities	(53,770)	(349,411)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	6,435,916	5,742,005
C00200	Repayments of short-term borrowings	(6,529,000)	(5,400,000)
C00600	Net decrease in short-term notes and bills payable	(21,173)	(930)
C01600	Proceeds from long-term borrowings	-	280,000
C01700	Repayments of long-term borrowings	(56,500)	(64,000)
C04020	Payments of lease liabilities	(2,872)	-
C04500	Dividends paid to owners of the Company	-	(49,694)
CCCC	Net cash generated from (used in) financing activities	(173,629)	507,381
EEEE	NET INCREASE (DECREASE) IN CASH	(38,012)	31,165
E00100	CASH AT THE BEGINNING OF THE YEAR	80,623	49,458
E00200	CASH AT THE END OF THE YEAR	$ 42,611	$ 80,623

The attached notes form part of this parent-company only financial report

Chairman: Ho Wen-Chieh　　Manager: Huang Chng-Tze　　Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
Notes to parent company only financial statements
January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

I. GENERAL INFORMATION

Evermore Chemical Industry Co., Ltd. (the "Company") was incorporated in 1989. The Company's shares were listed on the Taiwan Stock Exchange ("TWSE") in 2002 after being traded on the Taipei Exchange ("TPEx") since 2000.

The Company mainly engages in the manufacturing and selling of synthetic resin, synthetic chemistry, and investment related business operations.

The parent company of the Company is AICA Kogyo Company Limited (AICA) of Japan. As of December 31, 2022 and 2021, it held 50.1% of the Company's common stock.

II. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Board of Directors on March 14, 2023.

III. APPLICATION OF NEW, AMENDED, AND REVISED STANDARDS AND INTERPRETATIONS

(I) First time applying International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, or SIC Interpretations endorsed by the Financial Supervisory Commission (hereafter IFRSs)

The application of the revised FSC approved and issued effective IFRSs will not cause significant changes to the Company's accounting policies.

(II) IFRSs recognized by the FSC applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective date of promulgation by International Accounting Standards Board (IASB)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The application of this amendment will be postponed during the annual reporting period beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 3: Except the deferred income tax recognized for the temporary differences related to lease and decommissioning obligations on January 1, 2022, the amendments shall apply to transactions occurring after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company assessed that there would be no material impact of the initial application of other standards and the amendments to interpretations on its financial position and results of operations.

(III) New IFRSs in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	Unresolved
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	1-Jan-23
Amendments to IFRS 17	1-Jan-23
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	1-Jan-23
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, all new/amended/modified standards and interpretations above shall take effect from the financial year that begins after the specified date.

Note 2: Seller and also Lessee shall retroactively apply the amendments to IFRS 16 to the sale and leaseback transactions executed after the date of the first-time application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

The subsidiaries and associates are incorporated in the financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between standalone and consolidated basis of consolidation are adjusted in the "investments accounted for using the equity method," the "share of profit of subsidiaries," and related equity.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the functional currencies of the Company and its entities are translated into the presentation currency, the New Taiwan dollar as follows: Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

(V) Inventories

Inventories consist of raw materials, finished goods, and merchandise. Inventories are stated at the lower cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

(VI) Investment accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1. Investments in subsidiaries

Subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of equity of subsidiaries.

Changes in the Company's ownership interests in a subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction. Differences between the carrying amounts of the investment and the fair value of consideration paid or received are directly recognized in equity.

When the Company's share of losses to a subsidiary equals or exceeds its equity in the subsidiary, the Company continues to recognize the loss based on its shareholding ratio.

The amount of the acquisition cost exceeding the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries that constitute the business on the acquisition date is classified as goodwill, which is included in the carrying value of the investment and is not amortized.

When the Company assesses impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the book value. If the recoverable amount of the asset increases in the future, the reversal of the impairment loss is recognized as profit. However, the book value of the asset after the impairment loss has been reversed shall not exceed the book value of the asset after deducting the amortization if the impairment loss is not recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2. Investment related companies

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Under the equity method, on initial recognition the investment in the associate is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Company also recognizes the changes in the Company’s share of the equity of associates.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When impairment loss is evaluated the entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increase.

When a Company entity transacts with its associates, profits and losses on these transactions are recognized in the financial statements only to the extent of interests in the associate that are not related to the Company.

(VII) Property, plant and equipment

Property, plant, and equipment are stated at cost minus accumulated depreciation.

Property, plant, and equipment in the course of construction are carried at cost. The assets were measured at the lower of the costs and net realizable value to the extent of being ready for use. The proceeds from sale and costs thereof were classified into the profits and losses. Such properties are classified to the appropriate categories of property, plant, and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant, and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(VIII) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use

Investment property is initially measured at cost (including transaction costs), and the subsequent measurement is the cost minus accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds, and the carrying amount of the asset is included in profit or loss.

(IX) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost minus accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

(X) Impairment of property, plant and equipment, right of use assets, investment properties and intangible assets

The Company evaluates on each balance sheet date whether there are any signs of possible impairment of property, plant and equipment, right of use assets, and intangible assets If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

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

1. Measurement Category

Financial assets are classified into the following categories: financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

(1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and

(2) The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and trade receivables at amortized cost, other receivables, other financial asset and refundable deposits) are measured at amortized cost, which equals to the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Credit-impaired financial assets refers to when there is a significant financial difficulty or a breach of contract of the issuer or debtor, the debtor will enter bankruptcy or other financial reorganization, or the disappearance of an active market because the financial instruments are no longer publicly traded.

2. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The consolidated entity always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

To manage the internal credit risk, the Company determined that the following situations represent a default of financial assets without considering the collateral information:

(1) Internal or external information indicates that debt settlement is no longer possible for the debtor.

(2) Past due more than 90 days, unless there is reasonable evidence as the appropriate reason for the delay.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When a financial asset measured at amortized cost is delisted as a whole, the difference between its book value and the consideration received is recognized in profit or loss.

Financial liabilities

1. Subsequent measurement

The financial liabilities are measured at amortized cost using the effective interest method.

2. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XII) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date the consolidated entity transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the consolidated entity does not adjust the promised amount of consideration for the effects of a significant financing component.

For the revenue from sale of goods, when the products are delivered, shipped or provided to the destination designated by the customers and the customers take over the products, the Company recognizes the revenue and receivable accounts at the same time.

The consideration already received from customers before the customers take over the products is stated as contract liability.

(XIII) Leasing

The Company evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of establishment.

1. The Company as the lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under the operating lease, the rent less the lease incentives was recognized as income based on the straight-line method in the duration of the leasehold. The original direct cost generated from operating leases plus the carrying amount of underlying assets was stated as expenses on a straight-line basis over the lease term.

2. The Company as lessee

The consolidated entity recognizes right-of-use assets and lease liabilities from the lease start date, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost at initiation (including the initial amount of lease liability, lease payments made before the lease start date, and the initial direct cost), and subsequently at cost less accumulated depreciation and accumulated impairment loss with adjustments made to the remeasurement account for lease liability. Right-of-use assets are presented individually on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life or upon expiry of the lease tenor, whichever is earlier.

The lease liabilities are measured based on the present value of the lease payment (including fixed payment). If the implied interest rate of a lease is easy to be confirmed, the rate is applied to discount the lease payment. If the rate is not easy to be confirmed, the lessee's incremental borrowing rate of interest will be applied.

Subsequently, the lease liabilities are measured at the amortized cost under the effective interest method, and the interest expense are allocated during the lease periods. If there is any change in the lease period the Company shall re-measure the lease liabilities, and relatively adjusts the right-of-use assets, provided that if the carrying amount of the right-of-use asset has decreased to zero, the remaining re-measured amount is recognized in into the income. For the leasehold modification not treated as the separate leasehold, the lease liability remeasurement resulting from reduction of the scope of lease refers to reduction of the right-of-use assets, and profit or loss from termination of the lease, in whole or in part, is recognized. The lease liability remeasurement resulting from other modifications refers to adjustment of the right-of-use assets. Lease liabilities are presented individually on the balance sheet.

(XIV) Borrowing cost

All borrowing costs are stated as income when they are incurred.

(XV) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive the subsidies.

Government subsidies related to income are recognized in other revenues on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the Company.

If government subsidies are used to offset expenses or losses incurred, or used for the purpose of providing immediate financial support to the Company and there are no future related costs, they are recognized in profit and loss during the period when they can be collected.

(XVI) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(XVII) Taxation

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

1. Current income tax

Income tax on undistributed surplus earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China and recognized in the annual resolution of the shareholders' meeting.

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

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liability is generally recognized for all taxable temporary differences, while deferred tax asset is recognized is recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income taxes

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

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Major sources of estimation and assumption uncertainty - Provision for impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 40	$ 20
Checking accounts and demand deposits	42,571	80,603
	$ 42,611	$ 80,623

VII. Financial assets measured at amortized cost - current

	December 31, 2022	December 31, 2021
Restricted bank demand deposits	$ 42,929	$ 55,425
Bank time deposits with original maturities of more than 3 months	16,855	15,340
	$ 59,784	$ 70,765
Rates of interest per annum (%)		
Restricted bank demand deposits	1.05	0.03
Bank time deposits with original maturities of more than 3 months	1.33-3.60	0.03

For the information about pledge of the financial assets measured at amortized cost, please refer to Note XXIII.

The Company has gained approval from the National Taxation Bureau of the Ministry of Finance, in accordance with the Regulations on Investment from Repatriated Offshore Funds and has put forward an investment plan to the Ministry of Economic Affairs. In accordance with the Regulations, the funds from the restricted bank demand deposits are limited to approved plans and cannot be used for other purposes.

VIII. Notes receivable and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable - operating	$ 67,851	$ 98,617
Less: Loss allowance	-	-
	$ 67,851	$ 98,617
Trade receivables - unrelated parties		
Measured by cost after amortization		
Total carrying amount	$ 192,694	$ 310,114
Less: Loss allowance	(28,512)	(31,208)
	$ 164,182	$ 278,906
Accounts receivables - related parties		
Measured by cost after amortization		
Total carrying amount	$ 102,575	$ 100,820
Less: Loss allowance	-	-
	$ 102,575	$ 100,820

(I) Notes receivable

The aging of notes receivable was as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 67,851	$ 98,617
Past due	-	-
Total	$ 67,851	$ 98,617

The above aging schedule was based on the number of past due days from the invoice date.

(II) Accounts receivable

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company recognizes loss provisions on accounts receivable based on expected credit losses over the duration. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The allowance for loss on accounts receivable measured by the Company are as follows:

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
December 31, 2022					
Expected credit loss rate (%)	0-1	0-2	0-50	100	
Total carrying amount	$ 237,618	$ 5,281	$ 24,297	$ 28,073	$ 295,269
Allowance for loss (Expected credit loss during the period)	(358)	(45)	(36)	(28,073)	(28,512)
Amortized cost	$ 237,260	$ 5,236	$ 24,261	$ -	$ 266,757
December 31, 2021					
Expected credit loss rate (%)	0-1	0-2	0-50	100	
Total carrying amount	$ 352,764	$ 11,432	$ 19,688	$ 27,050	$ 410,934
Allowance for loss (Expected credit loss during the period)	(2,767)	(233)	(1,158)	(27,050)	(31,208)
Amortized cost	$ 349,997	$ 11,199	$ 18,530	$ -	$ 379,726

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at Beginning of Year	$ 31,208	$ 29,763
Impairment losses (reversals) of the current year	(2,696)	1,445
Balance at End of Year	$ 28,512	$ 31,208

IX. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 186,334	$ 186,536
Raw materials and supplies	167,957	208,713
Merchandise	2,254	3,863
	$ 356,545	$ 399,112

The nature of the cost of goods sold was as follows:

	2022	2021
Cost of inventories sold	$ 1,633,896	$ 1,438,537
Inventory devaluation (or reversal gains)	11,076	(7,369)
Unallocated production overhead	28,401	25,858
Revenue from sale of scraps	(1,646)	(1,698)
Others	8,266	5,036
	$ 1,679,993	$ 1,460,364

A rebound in net realizable value of inventories was caused by increases in the sales prices of inventory in specific markets.

X. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 1,167,342	$ 1,137,415

	December 31, 2022		December 31, 2021	
Investee company name	Amount	Shareholding	Amount	Shareholding
Unlisted Companies				
NEOLITE INVESTMENTS LIMITED (NEOLITE)	$ 569,480	100%	$ 554,922	100%
SUCCESS INVESTMENTS LIMITED (SUCCESS)	163,827	100%	129,473	100%

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Investee company name	December 31, 2022 Amount	Shareholding	December 31, 2021 Amount	Shareholding
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED（U-BEST）	142,841	100%	128,689	100%
Unlisted Companies				
GIANT STAR TRADING CO., LTD (Giant Star Trading Co.)	$ 135,410	100%	$165,018	100%
CHEM-MAT TECHNOLOGIES CO., LTD (CHEM-MAT)	119,763	100%	125,229	100%
TOPWELL ELASTIC TECHNOLOGY CO., LTD.（TOPWELL）	36,021	100%	34,084	100%
	$1,167,342		$1,137,415	

Please refer to Attachment 4 and 5 for the nature of business, the principal place of business, and information on the country of registration of the above-mentioned subsidiaries.

The Company increased capital in VIETNAM SUNYAD TECHNOLOGY LIMITED (SUNYAD) in cash by US$1,000 thousand via SUCCESS in July 2022.

The share of profit or loss and other comprehensive income of investments in associates accounted for using the equity method were based on the associates' audited financial statements for the same years as those of the Company.

XI. PROPERTY, PLANT, AND EQUIPMENT

2022	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at Beginning of Year	$ 661,263	$ 356,828	$ 792,667	$ 11,303	$ 211,456	$ 2,033,517
Add	-	1,595	21,133	-	20,048	42,776
Disposal	-	-	(2,263)	-	(249)	(2,512)
Reclassified	-	6,428	45,796	-	6,184	58,408
Balance at End of Year	$ 661,263	$ 364,851	$ 857,333	$ 11,303	$ 237,439	$ 2,132,189
Accumulated depreciation						
Balance at Beginning of Year	$ -	$ 152,912	$ 654,929	$ 9,765	$ 145,431	$ 963,037
Add	-	13,980	33,469	635	15,997	64,081
Disposal	-	-	(2,240)	-	(227)	(2,467)
Balance at End of Year	$ -	$ 166,892	$ 686,158	$ 10,400	$ 161,201	$ 1,024,651
Net end-of-year amount	$ 661,263	$ 197,959	$ 171,175	$ 903	$ 76,238	$ 1,107,538

2021	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at Beginning of Year	$ 345,894	$ 291,204	$ 781,942	$ 11,303	$ 180,772	$ 1,611,115
Add	315,369	47,405	15,787	-	25,189	403,750
Disposal	-	-	(22,208)	-	(2,989)	(25,197)
Reclassified	-	18,219	17,146	-	8,484	43,849
Balance at End of Year	$ 661,263	$ 356,828	$ 792,667	$ 11,303	$ 211,456	$ 2,033,517

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2021	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Accumulated depreciation						
Balance at Beginning of Year	$ -	$ 140,222	$ 641,447	$ 8,814	$ 134,809	$ 925,292
Add	-	12,690	35,637	951	13,611	62,889
Disposal	-	-	(22,155)	-	(2,989)	(25,144)
Reclassified	-	-	-	-	-	-
Balance at End of Year	$ -	$ 152,912	$ 654,929	$ 9,765	$ 145,431	$ 963,037
Net end-of-year amount	$ 661,263	$ 203,916	$ 137,738	$ 1,538	$ 66,025	$ 1,070,480

Depreciation expenses are provided on a straight-line basis over useful years shown as follows:

Building	
Main building of the factory premises	25 to 50 years
Additional project	2-50 years
Machinery and equipment	2-12 years
Transportation equipment	5 years
Other equipment	
Office equipment	2-8 years
Landscape gardening	15 years
Others	2-20 years

Property, plant, and equipment pledged as collateral for bank borrowings is set out in Note XXIII.

XII. Lease arrangements

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Building	$ 37,345	$ -

	2022	2021
Increases in right of use assets	$ 40,373	$ -
Depreciation expenses of right-of-use assets		
Building	$ 3,028	$ -

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 3,866	$ -
Non-current asset	$ 33,635	$ -

The discount rate of lease liabilities (%) is stated as following:

	December 31, 2022	December 31, 2021
Building	1.14	-

(III) Major leasing activities and terms

The Company's building use right in Nantou City, Taiwan, effective for 10 years. The building is used as factory premises and warehouse.

(IV) Other lease information

	2022	2021
Short-term lease expenses	$ -	$ 757
Low-value asset lease expenses	$ 128	$ 181
Total cash outflow from rent	$ 3,331	$ 938

XIII. BORROWINGS

(I) Short-term bank borrowings

	December 31, 2022	December 31, 2021
Credit loans	$ 510,000	$ 540,000
Secured borrowings	290,000	337,000
Letter of credit loans	9,852	26,123
	$ 809,852	$ 903,123
Rates of interest per annum (%)		
Credit loans	1.66-1.91	1.01-1.13
Secured borrowings	1.73-1.94	1.00-1.13
Letter of credit loans	1.92-6.72	1.15-1.39

Mortgage loans are secured by the mortgages of the Company's own land, buildings, and other financial assets. Please refer to Note XXIII.

(II) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 110,000	$ 130,000
Less: Unamortized discounts on bills payable	(140)	(74)
	$ 109,860	$ 129,926
Interest Rates (%)	1.45-1.55	0.67-0.74

(III) Long-term bank borrowings

	December 31, 2022	December 31, 2021
Credit loans	$ 280,000	$ 280,000
Secured borrowings	150,617	207,117
	430,617	487,117
Less: Current portion	(54,000)	(56,500)
Long-term borrowings	$ 376,617	$ 430,617
Rates of interest per annum (%)		
Credit loans	1.05	1.05
Secured borrowings	1.81-1.91	1.22-1.26

Mortgage loans are secured by the mortgages of the Company's own land and buildings. Please refer to Note XXIII.

XIV. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payable for salaries and bonuses	$ 33,347	$ 27,273
Payable for commissions and professional service fees	9,191	4,821
Payable for employee's compensation and remuneration of directors and supervisors	3,294	333
Payable for purchase of equipment	2,355	1,637
Payable for freight	1,974	3,178
Others	17,750	21,885
	$ 67,911	$ 59,127

XV. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

XVI. Equity

(I) Share capital from common stock

	December 31, 2022	December 31, 2021
Authorized shares (thousand shares)	120,000	120,000
Authorized capital stock	$ 1,200,000	$ 1,200,000
Shares issued and received in full (In Thousands)	99,388	99,388
Issued share capital	$ 993,880	$ 993,880

(II) Capital surplus

	December 31, 2022	December 31, 2021
Issuance of common shares	$ 70,860	$ 70,860
Treasury share transactions	27,157	27,157
	$ 98,017	$ 98,017

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year). However, capitalization of this reserve is capped at a certain percentage of the Company's paid-up capital each year.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a Statutory reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The dividend policy considers the future operating expansion and capital expenditures meet the best capital budget and diluted earnings per share, and the annual allocated surplus accounts for at least 50% of the available surplus. Distribution of profits may also be made by way of cash dividend provided; however, the ratio of share dividend shall exceed 25% of total distribution.

An appropriation of earnings to a Statutory reserve shall be made until the Statutory reserve equals the Company's paid-in capital. The Statutory reserve may be used to offset deficit. If the Company has no deficit and the Statutory reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held its Annual General Meetings in June 2022 and August 2021 and passed resolutions for its 2021 and 2020 earnings distributions as follows:

	Appropriation of Earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Statutory reserves	$ 1,006	$ 7,401		
Appropriation (reversal) of special reserve	12,689	(9,986)		
Cash dividend	-	49,694	$ -	$ 0.5

In March 2023, the Company's Board of Directors proposed the 2022 earnings distribution plan as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Statutory reserves	$ 3,521	
Reversal special reserve	(24,313)	
Cash dividend	49,694	$ 0.5

The earnings distribution plan for 2022 has yet to be resolved at the Annual General Meeting that is expected to be held in June 2023.

XVII. NET PROFIT

(I) Depreciation and amortization

	2022	2021
Summarization of depreciation expenses by function		
Operating costs	$ 49,539	$ 45,410
Operating expenses	17,570	17,566
	$ 67,109	$ 62,976
Summarization of amortization expenses by function		
Operating costs	$ 346	$ 140
Operating expenses	971	617
	$ 1,317	$ 757

(II) Employee benefit expenses

	2022	2021
Short-term employee benefits		
Salary	$ 159,910	$ 131,440
Health and labor insurance	14,782	12,734
Retirement benefits		
Defined contribution plans	7,099	5,890
Remuneration to directors	3,971	2,331
Other employee benefits	7,956	7,169
Total employee benefit expenses	$ 193,718	$ 159,564
Summarization by function		
Operating costs	$ 108,872	$ 83,828
Operating expenses	84,846	75,736
	$ 193,718	$ 159,564

The number of employees of the Company in 2022 and 2021 was 206 and 184 respectively. Among them, the number of directors who were not concurrent employees was both 7, and their calculation basis is the same as that of employee benefits.

The Company's average employee benefits for 2022 and 2021 were NT$954 thousand and NT$888 thousand, respectively, and average employee salary costs were NT$804 thousand and NT$743 thousand, respectively. The average employee salary cost adjustment change witnessed an increase of 8%.

The remuneration to the Company's supervisors was NT$962 thousand in 2021. The Audit Committee was established in August 2021.

Remuneration policy

1. Remuneration policy for directors and supervisors

   The remuneration of directors and supervisors is handled in accordance with the Company's Remuneration and Performance Evaluation Measures for Directors, Supervisors, and Functional Committees. Monthly fixed remunerations and remunerations provided in accordance with the Articles of Incorporation are allocated according to the degree of contribution and calculated based on the ratio of the number of board meetings to the total number of attendances, and with reference to the value of business participation and contribution. After the remuneration is reviewed by the Remuneration Committee, it is submitted to the Board of Directors for approval.

2. Policies for employees and managers

   (1) Employee salary compensation includes fixed salary, year-end bonus, employee remuneration and quarterly bonus. The Company calculates the total bonus based on operating results, and issues individual bonuses based on the individual contribution of employees.

   (2) Authorization of manager salaries is handled in accordance with the Company's salary management measures, including fixed and variable components. After review by the Remuneration Committee regarding changes in operating performance and future risk considerations, it is submitted to the Board of Directors for approval.

(III) Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of 3% to 5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The remuneration to employees and directors/supervisors estimated for 2022 and 2021 was resolved by the Board of Directors in 2023 and in March 2022 as follows:

	2022	2021
Employees' compensation (5%)	$ 2,353	$ 203
Remuneration of directors and supervisors (2%)	941	81

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There are no differences between the actual allotment amounts of employee remuneration and directors and supervisors' remuneration for 2021 and 2020 and the amounts recognized in the parent company only financial statements for 2021 and 2020.

For information about the remuneration of employees and the remuneration of directors and supervisors as decided by the Board of Directors of the company, please go to the Market Observation Post System of the Taiwan Stock Exchange for inquiries.

XVIII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	2022	2021
Current income tax		
In respect of the current year	$ 5,547	$ 3,001
Tax refund on repatriation of overseas funds	(2,293)	-
Separate taxation on repatriation of overseas funds	-	5,523
	3,254	8,524
Deferred tax		
In respect of the current year	5,299	(14,812)
Income tax expense recognized in profit or loss (Profit)	$ 8,553	($ 6,288)

The accounting income and income tax expenses (gains) are adjusted as follows:

	2022	2021
Income tax expense calculated at the statutory rate	$ 8,753	$ 754
Nondeductible expenses in determining taxable income	2,093	95
Not recognized income in determining taxable income	-	(12,660)
Tax refund on repatriation of overseas funds	(2,293)	-
Separate taxation on repatriation of overseas funds	-	5,523
Income tax expense recognized in profit or loss (Profit)	$ 8,553	($ 6,288)

(II) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2022	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
Deferred tax assets				
Temporary differences				
Inventory write-downs	$ 1,738	$ 189	$ -	$ 1,927
Investment accounted for using the equity method	10,602	(1,795)	-	8,807
Allowance for losses	5,223	(247)	-	4,976
Exchange differences on translating the financial statements of foreign operations	4,404	-	(3,769)	635
Others	2,475	(845)	-	1,630
	$ 24,442	($ 2,698)	($ 3,769)	$ 17,975

(Continued)

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2022	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 26,383	$ 1,348	$ -	$ 27,731
Exchange differences on translating the financial statements of foreign operations	2,730	-	2,869	5,599
Others	-	1,253	-	1,253
	$ 29,113	$ 2,601	$ 2,869	$ 34,583
2021				
Deferred tax assets				
Temporary differences				
Inventory write-downs	$ 2,975	($ 1,237)	$ -	$ 1,738
Investment accounted for using the equity method	8,141	2,461	-	10,602
Allowance for losses	5,232	(9)	-	5,223
Exchange differences on translating the financial statements of foreign operations	2,215	-	2,189	4,404
Others	3,673	(1,198)	-	2,475
	$ 22,236	$ 17	$ 2,189	$ 24,442
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 41,178	($ 14,795)	$ -	$ 26,383
Exchange differences on translating the financial statements of foreign operations	3,458	-	(728)	2,730
	$ 44,636	($ 14,795)	($ 728)	$ 29,113

(III) Income tax assessments

The tax collection authority approved the Profit-seeking Enterprise Income Tax Return case for the Company through 2019.

XXIX. Earnings per share

Unit: NT$ per share

	2022	2021
Basic earnings per share	$ 0.35	$ 0.10
Diluted earnings per share	$ 0.35	$ 0.10

The net profit and weighted average number of common stocks used to calculate the Earnings per Share are stated as following:

Net income

	2022	2021
The net profit used to calculate the Earnings per Share	$ 35,210	$ 10,057
The net profit used to calculate the diluted Earnings per Share	$ 35,210	$ 10,057

Quantity of shares		Unit: Thousand Shares
	2022	2021
The weighted average number of common stocks used to calculate the Earnings per Share	99,388	99,388
Effect of potentially dilutive ordinary shares:		
Remuneration to employees	158	56
The weighted average number of common stocks used to calculate the diluted Earnings per Share	99,546	99,444

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares should is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XX CAPITAL MANAGEMENT

The Company manages its capital to ensure it will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Company regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

XXI. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments

1. Financial instruments carried at fair value

   The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable as follows:

   (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

   (3) Level 3 inputs are unobservable inputs for the asset or liability

   In 2022 and 2021, there will be no transfer of fair value measurement between Level 1 and Level 2.

2. Financial instruments not carried at fair value

   (1) The fair value of short-term financial instruments is estimated by their carrying amount on the balance sheet for the carrying amount at the end of reporting period because the maturity date is close to the reporting date or the payment price is similar to the carrying amount. The carrying amount should be a reasonable basis for the estimated fair value. This method is applied to cash, notes and accounts receivable, other receivables, other financial assets, refundable deposits-time deposits, short-term bank loans, short term notes and bills payable and refundable deposits.

(2) The fair value of long-term borrowings (including current portion) is determined using the discounted value of future cash flow. If the Company's long-term borrowings rate is a floating rate, the carrying amount is equal to the fair value.

(II) Categories of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Disposal of financial assets measured at amortized cost (Note 1)	$ 443,576	$ 651,627
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,587,130	1,878,779

Note 1: Balances include financial assets measured at amortized cost including cash, financial assets measured at amortized cost-current, notes and accounts receivable, other receivables, and refundable deposit, etc.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, other payables, and long-term borrowings (including current portion).

(III) Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, and borrowings. The Company’s corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company’s exposure to market risks or the manner in which these risks are managed and measured. The major financial risks are as follows:

(1) Foreign currency risk

The Company has foreign currency sales and purchases, which exposes the Company to foreign currency risk.

For the carrying value of monetary assets and monetary liabilities denominated in non-functional currencies of the Company at the balance sheet date, please refer to Note XXV.

<u>Sensitivity analysis</u>

The Company’s sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period. A positive number below indicates an increase in post-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and the balances below would be negative.

Currency	2022	2021
USD	$ 2,117	$ 2,662

The sensitivity rate used by the Company when reporting foreign currency risk internally to key management personnel is 1%, which represents management’s assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 16,855	$ 15,340
Financial liabilities	787,361	909,926
Cash flow interest rate risk		
Financial assets	85,475	135,814
Financial liabilities	600,469	610,240

Sensitivity analysis

For the consolidated financial assets and liabilities with floating interest rates, assuming that other conditions remain unchanged, a change in 0.25% interest rate has led to 2022 and 2021 net profit before tax to change by NT$1,287 thousand and NT$1,186 thousand, respectively.

2. Credit risk

The Company's transactions are targeted at reputable financial and securities institutions, and it also transacts with a number of financial institutions to spread the risks, so the probability of default from contractual counterparty is very low; even if the other party defaults, the Company will not suffer significant loss.

The Company is required to go through the credit confirmation procedure only after it has dealt with the approved third party, and the policy of the Company is to conduct credit transactions with the customer, and to regularly assess the possibility of recovering the receivables while providing appropriate allowances for doubtful debts, so the Company doesn't expect the possibility of major losses.

3. Liquidity risk

The Company has built an appropriate liquidity risk management framework for the Company's short, medium, and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining sufficient reserve or banking facilities, obtaining the loan commitment, collecting debts proactively, and continuously monitoring forecast and actual cash flow as well as the maturity profiles of financial assets and liabilities. As of December 31, 2022 and 2021, the Company's unused bank financing lines were NT$480,654 thousand and NT$434,757 thousand respectively.

Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flow of financial liabilities from the earliest date on which the Company can be required to pay.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

Non-derivative financial liabilities	Less Than 1 Year	1~5 years	5~10 years
December 31, 2022			
Non-interest bearing liabilities	$ 236,801	$ -	$ -
Lease liabilities	4,270	17,078	18,146
Variable interest rate liabilities	449,852	150,617	-
Fixed interest rate liabilities	469,860	280,000	-
	$ 1,160,783	$ 447,695	$ 18,146
December 31, 2021			
Non-interest bearing liabilities	$ 358,613	$ -	$ -
Variable interest rate liabilities	459,623	150,617	-
Fixed interest rate liabilities	629,926	280,000	-
	$ 1,448,162	$ 430,617	$ -

XXII. Related party transactions

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

(I) Related party name and category

Name of related party	Related Party Category
AICA	The Company's parent
PT. PT. AICA INDRIA (PT. AICA)	Fellow subsidiary
AICA NEW ZEALAND Ltd. （AICA NEW ZEALAND）	Fellow subsidiary
Shenyang AICA-HOPE Kogyo Co., Ltd.	Fellow subsidiary
Pou Chen Corporation and its subsidiaries	Other related parties (affiliated companies of the company's corporate directors)
TOPWELL	Subsidiary
NEOLITE	Subsidiary
CHEM-MAT	Subsidiary
Giant Star Trading Co.	Subsidiary
LIBERTY BELL INVESTMENTS LTD. (LIBERTY BELL)	Subsidiary
BAOJIAN CHEMICAL CO.,LTD (BAOJIAN)	Subsidiary
LEADERSHIP (SHANGHAI) CO., LTD (LEADERSHIP)	Subsidiary
U-BEST	Subsidiary

(II) Sales of goods

Accounts	Related Party Category	2022	2021
Sales	Subsidiary	$ 323,402	$ 284,967
	Parent company	119,678	99,393
	Other related parties	1,966	1,132
	Fellow subsidiary	1,026	190
		$ 446,072	$ 385,682
Purchases of goods	Subsidiary	$ 12,664	$ 17,224
	Parent company	2,032	192
		$ 14,696	$ 17,416
Other revenue	Parent company	$ 979	$ 746
	Subsidiary	446	393
		$ 1,425	$ 1,139

The sales transactions of the Company to related parties are quoted based on the differences between the products and the acceptance of the market, and the credit period is from 60 days to 180 days. The purchase price and payment term have no significant difference with unrelated parties.

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

Accounts	Related Party Category/Name	December 31, 2022	December 31, 2021
Notes receivable	Subsidiary	$ 810	$ 1,249
Accounts receivable	Subsidiary		
	TOPWELL	$ 61,533	$ 44,815
	U-BEST	20,610	8,182
	Dongguan Baojian Company	10,625	28,619
	NEOLITE	-	2,316
	Others	2,050	8,168
	Parent company	7,320	8,573
	Fellow subsidiary	-	92
	Other related parties	437	55
		$ 102,575	$ 100,820

Accounts	Related Party Category/Name	December 31, 2022	December 31, 2021
Other receivables	Subsidiary		
	TOPWELL	$ 1,006	$ -
	LIBERTY BELL	-	398
	Others	39	132
		$ 1,045	$ 530

The outstanding trade receivables from related parties are unsecured.

The following balances of trade payables from related parties were outstanding at the end of the reporting period:

Accounts	Related Party Category	December 31, 2022	December 31, 2021
Trade payables	Subsidiary	$ 2,931	$ 8,715
	Parent company	616	89
		$ 3,547	$ 8,804
Other payables	Subsidiary	$ 506	$ 964

(III) Loans to related parties (stated as other receivables)

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
U-BEST	$ -	$ 13,840

Related Party Category/Name	2022	2021
Interest income		
Subsidiary		
U-BEST	$ 108	$ 240

The Company provided the unsecured loans to related parties at the lending interest rates, both 1.5%, in 2022 and 2021. The interest receivable was NT$69 thousand on December 31, 2021.

(IV) Payables to related parties

The following balances of trade payables from related parties were outstanding at the end of the reporting period.

	2022	2021
Short-term employee benefits	$ 11,447	$ 9,784
Retirement benefits	243	220
	$ 11,690	$ 10,004

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXIII. Pledged assets

The following assets were provided as collateral for bank borrowings:

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 450,288	$ 450,476
Disposal of financial assets measured at amortized cost -current	16,855	15,340
	$ 467,143	$ 465,816

XXIV. Significant contingent liabilities and unrecognized contract commitments

The Company has the following major commitments on the balance sheet date:

(I) As of December 31, 2022 and 2021, the outstanding balances of letters of credit that had been opened were approximately US$300 thousand and US$723 thousand, respectively.

(II) The Company’s unrecognized contractual commitments are stated as following:

	December 31, 2022	December 31, 2021
Payments for property, plant, and equipment	$ 36,300	$ -

XXV. The significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the currencies other than the Company's functional currencies, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant assets and liabilities denominated in foreign currencies:

	December 31, 2022		
Financial assets	Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 8,754	30.71 (USD:NTD)	$ 268,835
Financial liabilities			
Monetary items			
USD	1,862	30.71 (USD:NTD)	57,182

	December 31, 2021		
Financial assets	Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 12,398	27.68 (USD:NTD)	$ 343,177
Financial liabilities			
Monetary items			
USD	2,781	27.68 (USD:NTD)	76,978

XXVI. SEPARATELY DISCLOSED ITEMS

(I) Information about significant transactions and investees and (II) Transfer investment information:

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Status of securities held at the end of the year: None.
4. Marketable securities acquired and disposed of at costs or prices at least $300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital. (Table 3)
8. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Information on investees. (Table 4)

(III) Investments in Mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) The amount and percentage of purchases and the balance and percentage of the

related payables at the end of the period. (None)

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(IV) Information on principal shareholders: The names, amounts, and proportions of shares of shareholders with a shareholding ratio of 5% or more: Table 6.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
FINANCING PROVIDED TO OTHERS
January 1 to December 31, 2022

TABLE 1

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

Number	Lender	Borrower	Financial Statement Account	Related party	Highest Balance for the Period	Balance at End of Year (Note I)	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for bad debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	U-BEST	Other receivables	Yes	$ 14,738 (USD 500)	$ -	$ -	(Note 2)	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 149,550 (Note 3)	$ 598,199 (Note 3)	
1	U-BEST	SUNYAD	Other receivables	Yes	8,785 (VND 6,600,000)	-	-	(Note 2)	Necessary for short-term financing	-	Operating capital	-	—	-	28,460 (Note 4)	28,460 (Note 4)	

Note 1: The ending balance amount has been approved by the board of directors.
Note 2: Interest rate according to bank loan contract.
Note 3: The loan and limit and total limit of individual funds are limited to the sum of 10% of the Company's net worth and the monthly average transaction value over the previous year, or 40% of the Company's net worth.
Note 4: The limit of lent funds for individual counterparties and the total limit shall be respectively be the sum of 40% of U-BEST's net value and the monthly average transaction volume within the most recent year and 40% of U-BEST's net value.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
January 1 to December 31, 2022

TABLE 2

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

Number	Endorser/ Guarantor	Endorsee/ Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	The ratio of the accumulated endorsement guarantee amount to the net value of the financial report for the period	Endorsement guarantee maximum limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Company name	Relationship											
0	The Company	LIBERTY BELL	Sub-subsidiaries	$ 747,749	$ 420,375 (USD 15,000)	$ -	$ -	$ -	-	$ 1,046,849	Y	—	—	
		TOPWELL	Subsidiary	747,749	16,108 (USD 500)	15,355 (USD 500)	15,355 (USD 500)	15,355 (USD 500)	1.03%	1,046,849	Y	—	—	
		Dongguan Baojian Company	Sub-subsidiaries	747,749	273,828 (USD 8,500)	261,035 (USD 8,500)	-	-	17.45%	1,046,849	Y	—	—	

Note: The guarantee limit and maximum limit for individual entity are 50% and 70% of the net worth of the Company, respectively.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
January 1 to December 31, 2022

TABLE 3

Unit: NTD thousand

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	TOPWELL	Subsidiary	(Sales)	($ 157,755)	(8)	T/T 90 days	Note	—	$ 61,533	18	

Note: The price of sales transactions with related parties is quoted based on product differentiation and market condition.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
INFORMATION ON INVESTEES
January 1 to December 31, 2022

TABLE 4

Unit: Thousands of New Taiwan Dollars or Foreign Currencies/Thousands of Shares

Investor	Investee company name	Location	Main business items	Original Investment Amount		As of December 31, 2018			Current net income (loss) of the Investee	Share of investment profit (loss) recognized in the current period
				End of this year	End of last year	Number of Shares	%	Carrying Amount		
The Company	NEOLITE	British Virgin Islands	Financial investment and international trade	$ 413,902	$ 413,902	13,059	100	$ 569,480	$ 10,257	$ 10,257
	Giant Star Trading Co.	Taichung City	Trading of chemical raw materials	97,367	97,367	12,600	100	135,410	(4,544)	(4,544)
	CHEM-MAT	Nantou County	Wholesale of coating, pigments, and industrial catalyst	111,484	111,484	7,199	100	119,763	(5,495)	(2,182)
	U-BEST	Vietnam	Production and sales of PU resin and adhesives	132,314	132,314	-	100	142,841	6,959	4,558
	TOPWELL	Thailand	Synthetic resin trading business	76,201	76,201	8,000	100	36,021	(358)	(148)
	SUCCESS	Samoa	Financial investment and international trade	185,064	155,250	5,000	100	163,827	(5,477)	(10,167)
Giant Star Trading Co.	NEOTOP INVESTMENTS LIMITED	Samoa	Financial investment and international trade	58,800	58,800	-	100	91,843	(4,171)	(Note)
	NEOWIN INVESTMENTS LIMITED	Samoa	Financial investment and international trade	-	15,553	-	100	-	692	(Note)
NEOLITE	LIBERTY BELL	British Virgin Islands	Financial investment and international trade	563,243 USD 18,126	563,243 USD 18,126	21,000	100	574,180	10,467 USD 155	(Note)
SUCCESS	SUNYAD	Vietnam	Manufacturing and sales of PU synthetic leather products	185,064	155,250	-	100	54,109	(5,477) (USD 185)	(Note)

Note: Not applicable.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
Investments in Mainland China
January 1 to December 31, 2022

TABLE 5

Unit: Thousands of New Taiwan Dollars or Foreign Currencies)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA	Main business items	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan, beginning	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019(Note 2)	Net Income (Loss) of investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income, ending
					Outward	Inward						
Dongguan Baojian Company	Production and sales of PU resin	$ 512,818 CNY 120,789	(Note 1)	$ 244,425 USD 7,576	$ -	$ -	$ 244,425 USD 7,576	$ 10,546 CNY 2,053	100%	$ 10,546 CNY 2,053	$ 573,019 CNY 129,995	$ -
TOPCO (SHANGHAI) CO., LTD	Wholesale of chemical products	38,922 CNY 8,053	(Note 1)	26,450 USD 820	-	-	26,450 USD 820	(4,175) (CNY 943)	100%	(4,175) (CNY 943)	91,808 CNY 20,827	162,194 CNY 35,789
LEADERSHIP SHANGHAI	Wholesale of chemical products	15,400 CNY 3,474	(Note 1)	15,400 USD 500	-	-	15,400 USD 500	(2,165) (CNY 488)	100%	(2,165) (CNY 488)	1,469 CNY 334	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 412,055 (USD 12,796)	$ 921,115 (USD 29,126) (Note 4)	(Note 5)

Note1: Investments in mainland China were through companies established in the third region.
Note2: Including investment in equipment and expertise, but not including the surplus of investment in China's investment business, and reinvestment of investment in the third region.
Note3: The financial statements of the investee were audited by the ROC parent company's CPA during the same period.
Note 4: Investment of US$29,126 thousand was authorized by the Investment Commission, MOEA, not including the surplus of investment in China's investment business, and reinvestment of investment in the third region (NEOLITE) of US$ 5,591 thousand.
Note 5: In accordance with "Principle of Examination on Investment or Technical Cooperation in Mainland China" stipulated by the Investment Commission, MOEA on August 29, 2008, the Company obtained the scope certificate for the headquarters issued by the Industrial Development Bureau, MOEA, with no upper limit for the investment amount in mainland China.

Evermore Chemical Industry Co., Ltd.
Information on principal shareholders
December 31, 2022

TABLE 6

Name of Major Shareholder	Shares	
	Number of shares held (shares)	Shareholding
AICA	49,793,388	50.10%
Ho Wen Chieh	7,003,532	7.04%

Note: Principal shareholder information in this schedule is prepared by the depository corporation based on the last business day at the end of the quarter, calculating the information that shareholders held more than 5% of the Company's common stock and preferred stock that have been delivered without physical registration (including treasury shares). The share capital recorded in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may be different due to different calculation bases or other differences.