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日勝化工股份有限公司

EVERMORE CHEMICAL INDUSTRY CO., LTD.

ANNUAL REPORT 2023

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<https://www.twemc.com/>

Notice to readers

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

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Name: KGI Securities, Stock Administration Dept.

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Tel. No.: (02)23892999

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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 2023

(I) Results of Business Plans

The Company's consolidated net revenue for 2023 is NTD2,367,512 thousand. Consolidated net profit after tax was NTD75,215 thousand and consolidated basic earnings per share after tax was NTD0.76 per share.

In 2023, the overall economic condition continued to be affected by the COVID-19 pandemic and regional wars. Crude oil prices fluctuated frequently. Meanwhile, the overall economic activities did not improve significantly, due to the inflation. In 2023, the decline in sales volume and selling price led to a decrease in the overall operating revenue by 19.94% from 2022. However, the Company adjusted its product portfolio and increased the proportion of high-value products, and also benefited from the stable price of raw materials; therefore, its overall operating results were better than last year.

Operating Performance:

Unit: NTD Thousand

Item	2023	2022	Growth Rate
Operating Revenue	2,367,512	2,957,191	-19.94%
Operating gains (loss)	91,535	(3,293)	-
Net profits before tax	92,103	43,222	113.09%
Profit after tax	75,215	35,210	113.62%

(II) Budget Implementation

The Company has not disclosed the financial forecasts for the year of 2023.

(III) Financial Revenue and Expenditure

As of December 31, 2023, total assets were NTD3,297,669 thousand, total liabilities were NTD1,800,015 thousand, debt ratio was 55%, and current ratio was 112.67%.

(IV) Analysis of Profitability

Item	2023	2022
Return on assets (%)	2.84	1.59
Return on equity (%)	5.02	2.40
Income before tax/paid-in capital (%)	9.26	4.34
Net profit margin (%)	3.17	1.19
Earnings per share (NT\$)	0.76	0.35

(V) Status of Research and Development

1. R & D expenses spent in this year:

Item	2023
Amount (NT\$ 1,000)	64,164
Proportion to operating revenue (%)	2.71%

2. The technologies or products developed successfully:

A. Sports industry:

- i. Lightweight PU material for shoes developed with negative carbon raw materials
- ii. Polyurethane insole material for shoes developed with carbon negative raw materials
- iii. Development of ultra-lightweight bicycle seat cushion using supercritical nitrogen foaming technology
- iv. Recyclable Supercritical Nitrogen Foamed Polyurethane Shoe Material
- v. High stability waterborne PU dispersion emulsion for spraying inks for shoe materials

B. Industrial Sector:

- i. Small package moisture reactive hot melt adhesive for woodworking
- ii. Thermoplastic PU injection material for brand hand tools
- iii. Architectural water-based coatings
- iv. Glued laminated timber structural adhesive for sustainable use of forest resources

C. Green materials:

- i. Recycled PET into polyester polyol for waterproof and moisture-permeable PU textile coating
- ii. Recycled PET to make polyester polyol and apply it to waterproof and vapor-permeable film moisture-curing lamination adhesive
- iii. Injection components for recyclable TPU soft shoes
- iv. Benzene-free and ketone-free ink carrier
- v. DMF-free PVC lamination adhesive
- vi. Water-based PU resin dispersion for leather
- vii. Light-curing acrylate monomer corresponding to sustainable waste water-free process
- viii. Bluesign® certified polyurethane materials for textiles
- ix. Light-curing Acrylate Monomer/Oligomer Using Bio-based Raw Materials

D. High-value added materials:

- i. New water-based carbodiimide crosslinking agent
- ii. Surface treatment agent for medical latex gloves
- iii. High-temperature retort-resistant food packaging adhesive

II. Summary of Annual Business Plan for 2024

(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; meanwhile, improve the development and promotion in the markets of Japan and Korea.
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	28,833	3,148	1,172

The above-mentioned expected quantities are based on the annual sales in 2023, in reference to the estimate of the overall economic situation for 2024.

(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 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.
- Proactively expand the markets in Southeast Asia and emerging markets, as well as the specialized chemical product market in Northeast Asia.
- 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 of 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.

Despite the sluggish COVID-19 epidemic, the problems derived from the regional wars continued to bother the economic development. Therefore, 2024 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 Chng-Tze

Accounting Manager: Chen Hsiang-Li

Two. Company Profile

I. Company Profile

(I) Date of Incorporation: May 15, 1989

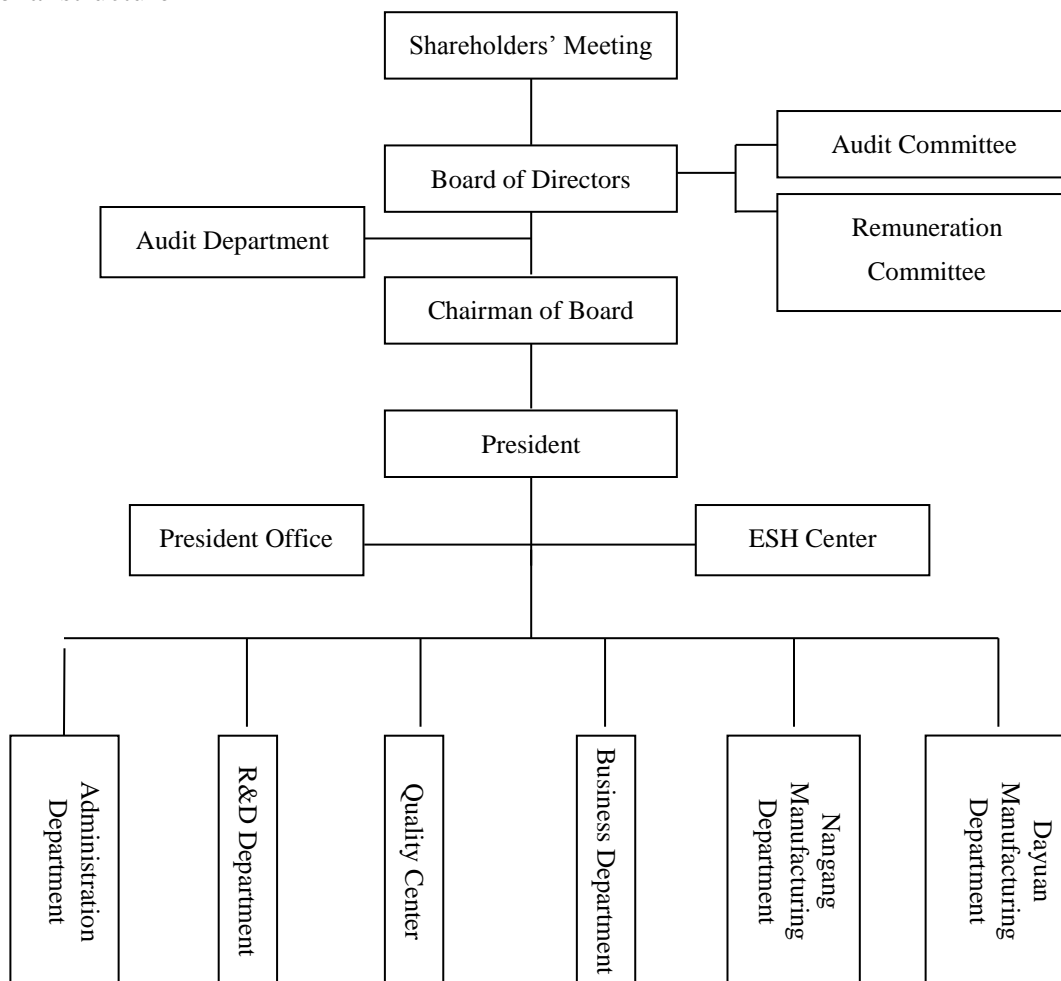
(II) Corporate Milestones:

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 disposed of the whole equity in the subsidiary, Wenzhou Detai Resin Co., Ltd., in 2012.
 - (8) The Company wholly owned Liberty Bell Investments LTD. upon cash capital increase in 2013.
 - (9) 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.
 - (10) The Company's subsidiary, Neolite Investments Limited, sold the whole equity held by it in its three subsidiaries in Jiangsu Province, China in 2015.
 - (11) The Company acquired 48% of the equity in TOP WELL ELASTIC TECHNOLOGY CO., LTD. in Thailand upon participating in the capital increase in 2016.
 - (12) The Company founded LEADERSHIP (SHANGHAI) CO., LTD. in April 2017.
 - (13) Giant Star Trading Co., Ltd. was reformed into a company limited by shares in April 2018.
 - (14) Purchased 100% equity of U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED in April 2020.
 - (15) Purchased 100% equity of Success Investments Limited in July 2020 and indirectly held 100% equity of VIETNAM SUM YAD TECHNOLOGY LIMITED.
 - (16) Purchase of TOP WELL ELASTIC TECHNOLOGY CO., LTD. in July 2020. Other shareholders own 52% of the equity, and their shareholding increased to 100%.
 - (17) 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, 2024

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			(note 1)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares				Job title	Name	Relationship	
Chairman	R.O.C.	Ho Wen-Chieh	Male	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.
			71-80																	
Director	R.O.C.	Huang Chng-Tze	Male	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.
			61-70																	
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	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.
			41-50																	
Representative of Aica Kogyo Company Limited	Japan	Omura Nobuyuki	Male	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. Director of Nishi Tokyo Chemix Co., Ltd.	None.	None.	None.	None.
			51-60																	

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			Note (note 1)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares				Job title	Name	Relationship	
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 director	R.O.C.	Yue Dean Technology Corporation	-	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 Corporation Corporate representative	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.
Independent director	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	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 and CFO of Yue Yuen Industrial (Holdings) Limited; Executive Director of Eagle Nice (International) Holdings Limited; Director of the subsidiary of Yue Yuen Industrial (Holdings) Limited, Yangzhou Baoyi Shoe Making Co., Ltd., Venture Well Holdings Limited, Hua Jian Industrial Holding Co., Limited, Ka Yuen (Vietnam) Rubber Factory Ltd., Cruiser Ventures Ltd. and Explorer Enterprisers Ltd.; Commissioner of Subsidiary of Yue Yuen Industrial (Holdings) Limited, and PT. Recycle Center Indonesia 之 Commissioner °

Table 1: Major shareholders of corporate shareholders

April 29, 2024

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)	16.61%
	2.Custody Bank of Japan, Ltd (Trust Account)	7.03%
	3.Business Connections Shareholding Association of Aica Kogyo Company, Ltd.	3.76%
	4.Employee Shareholding Association of Aica Kogyo Company, Ltd.	2.47%
	5.Custody Bank of Japan, Ltd. (Trust Account No.4)	2.13%
	6. SUMITOMO LIFE INSURANCE COMPANY	2.06%
	7. MUFG Bank, Ltd.	2.03%
	8. Dai Nippon Printing Co., Ltd.	2.02%
	9.THE BANK OF NEW YORK MELLON(INTERNATIONAL) 131800	1.91%
	10.JP MORGAN CHASE BANK 380634	1.70%
Yue Dean Technology Corporation	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, 2024

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.	-
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)	15.42%
	2. Custody Bank of Japan, Ltd. (Trust Account)	5.91%
	3. SSBTC CLIENT OMNIBUS ACCOUNT	2.01%
	4. THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	1.94%
	5. STATE STREET BANK WESTCLIENT - TREATY 505234	1.84%
	6. The Master Trust Bank of Japan, Ltd.	1.45%
	7. JP MORGAN CHASE BANK 385781	1.38%
	8. Toyota Motor Corporation	1.23%
	9. Nippon Life Insurance Company	1.18%
	10. JPMorgan Securities Japan Co., Ltd.	1.13%

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)	17.01%
	2.Custody Bank of Japan, Ltd (Trust Account)	5.94%
	3. The Dai-ichi Life Insurance Company, Limited	3.24%
	4.Employee Shareholding Association of Dai Nippon Printing Co., Ltd.	2.92%
	5.ELLIOTT INTERNATIONAL LP	2.57%
	6. Mizuho Bank, Ltd.	2.27%
	7. Nippon Life Insurance Company	1.88%
	8. State Street Bank West Client-Treaty 505234	1.68%
	9.JP MORGAN CHASE BANK 385781	1.35%
	10.THE LIVERPOOL LIMITED PARTNERSHIP	1.21%
THE BANK OF NEW YORK MELLON(INTERNATIONAL) 131800	Cannot be accessed due to practical restrictions.	-
JP MORGAN CHASE BANK 380634	Cannot be accessed due to practical restrictions.	-
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, 2024

Qualifications Name	Professional Qualifications and Experience	Independence	Number of positions as an Independent Director in other public listed companies
Ho Wen-Chieh	<p>1. R.O.C. national; male; appointed for the first time in April 1989; the Company's current Chairman.</p> <p>2. Bachelor, Tamkang University Department of Chemistry; a former manager of JYE HWA CHEMICAL INDUSTRIAL CO., LTD.; the Company's founder, cultivating the chemical engineering industry for more than 40 years; 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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	--	0
Huang Chng-Tze	<p>1. R.O.C. national; male; appointed for the first time in August 2021; the Company's current President.</p> <p>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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	--	0
Aica Kogyo Company Limited Representative: Nishino Go	<p>1. Japanese national; male, appointed for the first time in November 2022; current Sales Department Manager of Aica Kogyo Company Limited.</p> <p>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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	--	0

<p>Aica Kogyo Company Limited</p> <p>Representative: Omura Nobuyuki</p>	<p>1. Japanese national; male, appointed for the first time in June 2018; current Managing Director of Aica Kogyo Company Limited.</p> <p>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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	<p>--</p>	<p>0</p>
<p>Aica Kogyo Company Limited</p> <p>Representative: Mori Yosuke</p>	<p>1. Japanese national; male, appointed for the first time in April 2022; current General Manager of Finance, Aica Kogyo Company Limited.</p> <p>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.</p> <p>2. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	<p>--</p>	<p>0</p>
<p>Yue Dean Technology Corporation</p> <p>Representative: Shih Chih-Hung</p>	<p>1. R.O.C. national; male; appointed for the first time in May 2023; current Vice President of Pou Chen Corporation.</p> <p>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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	<p>--</p>	<p>0</p>
<p>Higashiyama Mikio (Independent director)</p>	<p>1. Japanese national; male; appointed for the first time in June 2018.</p> <p>2. Bachelor, Keio University Faculty of Business and Commerce: former Chairman and President of MITSUI & CO. (Taiwan), LTD., having served in MITSUI & CO. for more than 30 years, with work experience in the field of commerce, law, finance and accounting, or otherwise necessary for the business of the Company.</p> <p>2. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	<p>He/she or his/her spouse or relative with the second degree of kinship:</p> <p>1. Is not a director, supervisor or employee of the Company or any of its affiliates;</p> <p>2. Does not hold any of the Company's shares;</p> <p>3. Is not a director, supervisor or employee of any company engaged in specific relationship with the Company;</p> <p>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.</p>	<p>0</p>

Chueh Liang-Wu (Independent director)	<p>1. R.O.C. national; male; appointed for the first time in August 2021.</p> <p>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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	<p>He/she or his/her spouse or relative with the second degree of kinship:</p> <p>1. Is not a director, supervisor or employee of the Company or any of its affiliates;</p> <p>2. Does not hold any of the Company's shares;</p> <p>3. Is not a director, supervisor or employee of any company engaged in specific relationship with the Company;</p> <p>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.</p>	0
Chen Chun-Cheng (Independent director)	<p>1. R.O.C. national; male; appointed for the first time in August 2021; current attorney-at-law of Kuroda Law Office</p> <p>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.</p> <p>3. Is not a person satisfying the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.</p>	<p>He/she or his/her spouse or relative with the second degree of kinship:</p> <p>1. Is not a director, supervisor or employee of the Company or any of its affiliates;</p> <p>2. Does not hold any of the Company's shares;</p> <p>3. Is not a director, supervisor or employee of any company engaged in specific relationship with the Company;</p> <p>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.</p>	0

II. Diversity and independence of the Board of Directors:

(I) Diversity of the Board of Directors:

1. 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.
2. The Company's development strategy is to expand outward with its own products and technologies. In addition to the professional backgrounds in commerce, legal affairs, finance and accounting, and chemical engineering, the business development process requires capability to execute business regarding leadership and management, industry experience, R&D and innovation, financial analysis, and legal practices. The board of directors as a whole shall have these capabilities. At least one director from each profession or background shall have such capability. At the same time, the gender diversity shall also be taken into account, and there should be one or more seats of the female director.

3. Based on the consideration of diversity, the directors of the Company are all practitioners with years of experience in domestic and Japanese multinational companies and related industries. They have related industry experience and the ability to perform their duties. In 2023, except for the number of female directors failed to meet the diversity goal, and at least one director comes from each professional background and capability to execute business, which indicates the overall compliance with the diversity policy.

(1) The specific goals for the diversity of the Company's director re-election in 2021 and their achievements are as follows:

Diversity guidelines	Concrete management programs:	Status of Achievement	Improvement measures
Professional background	At least one person in each of business, legal affairs, finance and accounting, and chemical engineering	3 in commercial 1 in legal affairs, 3 in finance and accounting, and 3 in chemical engineering	N/A.
Ability to execute business	At least 1 person in leadership and management, industry experience, R&D innovation, financial analysis, and legal practice	7 with leadership and management, 9 with industry experience, 3 with R&D and innovation, 7 with financial analysis, and 1 with legal practice.	N/A.
Gender	More than 1 seat	0 seat	Elected At the most recent board meeting
Independence	The number of independent directors shall not be less than one-third of the total number of directors, and an independent director shall not serve more than three consecutive terms	Independent directors accounted for one-third of all directors, and no independent director has served three consecutive terms, which was in line with the target	N/A.

(2) Gender, age, professional background and business execution ability of directors:

Name	Gender	Nationality	Age (Note 1)	Serving as an employee	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-Chieh	Male	R.O.C.	5	✓				✓	✓	✓	✓	✓	
Huang Chng-Tze	Male	R.O.C.	3	✓				✓	✓	✓	✓	✓	
Nishino Go	Male	Japan	1	-				✓	✓	✓	✓		
Omura Nobuyuki	Male	Japan	2	-	✓				✓	✓		✓	
Mori Yosuke	Male	Japan	2	-	✓		✓		✓	✓		✓	
Shih Chih-Hung	Male	R.O.C.	2	-			✓		✓	✓		✓	
Higashiyama Mikio	Male	Japan	3	-	✓				✓	✓		✓	
Chueh Liang-Wu	Male	R.O.C.	2	-			✓			✓		✓	
Chen Chun-Cheng	Male	R.O.C.	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, 2024

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	April 1, 2019	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.
Manager, R&D Department	R.O.C.	Chen Pin-Jung	Male	2023.11.10	0	0.00	0	0.00	0	0.00	Master 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 of general directors and independent directors

2023 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	Cash	Stock	Cash	Stock	The Company	Companies included into the financial statement	
Chairman	Ho Wen-Chieh	0	0	0	0	1,990,081	1,990,081	3,030,000	3,040,000	5,020,081/ 6.6742%	5,030,081/ 6.6875%	5,148,204	5,148,204	0	0	210,203	0	210,203	0	10,378,488/13.7978%	10,388,488/13.8113%	0
Director	Huang Chng-Tze																					
Director	Aica Kogyo Company Limited																					
	Representative: Nishino Go (Note 1)																					
	Representative: Omura Nobuyuki																					
Director	Representative: Mori Yosuke (Note 2)																					
	Yue Dean Technology Corporation																					
Director	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.																						

Breakdown of Remuneration

Breakdown of remuneration paid to directors of the Company	Name of Director			
	A+B+C+D		A+B+C+D+E+F+G	
	The Company	Companies included into the financial statement H	The Company	Companies included into the financial statement I
Less than NT\$1,000,000	Ho Wen-Chieh, Huang Chng-Tze, Yue Dean Technology Corporation, Shih Chih-Hung, Aica Kogyo Company Limited; Nishino Go, Omura Nobuyuki, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu	Ho Wen-Chieh, Huang Chng-Tze, Yue Dean Technology Corporation, Shih Chih-Hung, Aica Kogyo Company Limited; Nishino Go, Omura Nobuyuki, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu	Yue Dean Technology Corporation, Shih Chih-Hung, Aica Kogyo Company Limited; Nishino Go, Omura Nobuyuki, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu	Yue Dean Technology Corporation, Shih Chih-Hung, Aica Kogyo Company Limited; Nishino Go, Omura Nobuyuki, Mori Yosuke, Mikio Higashiyama, Chen Chun-Cheng, Chueh Liang-Wu
1,000,000 (inclusive) - 2,000,000 (exclusive)				
2,000,000 (inclusive) - 3,500,000 (exclusive)			Ho Wen-Chieh, Huang Chng-Tze	Ho Wen-Chieh, Huang Chng-Tze
3,500,000 (inclusive) - 5,000,000 (exclusive)				
5,000,000 (inclusive)~10,000,000 (exclusive)				
10,000,000 (inclusive)~15,000,000 (exclusive)				
15,000,000 (inclusive)~30,000,000 (exclusive)				
30,000,000 (inclusive)~50,000,000 (exclusive)				
50,000,000 (inclusive)~100,000,000 (exclusive)				
More than 100,000,000				
Total	11	11	11	11

2. Remuneration to supervisors: N/A.

3. Remuneration to President and Vice Presidents

2023 Unit: NT\$

Job title	Name	Salary (A)		Pension upon retirement (B)		Bonuses, special expenses, and others (C)		Remuneration to employees (D)				Sum of A, B, C, and D as percentage of income after tax		Remuneration from investees other than subsidiaries
		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			
President	Huang Chng-Tze	3,675,720	3,675,720	0	0	1,225,868	1,225,868	196,313	0	196,313	0	6.7779% 5,097,901	6.7779% 5,097,901	0
Group Vice President	Lee Ching-Song													

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

Breakdown of remuneration paid to president and vice presidents of the Company	Name of President/Vice President	
	The Company	Companies included into the financial statement E
Less than NT\$1,000,000		
1,000,000 (inclusive) - 2,000,000 (exclusive)		
2,000,000 (inclusive) - 3,500,000 (exclusive)	Huang Chng-Tze, Lee Ching-Song	Huang Chng-Tze, Lee Ching-Song
3,500,000 (inclusive) - 5,000,000 (exclusive)		
5,000,000 (inclusive)~10,000,000 (exclusive)		
10,000,000 (inclusive)~15,000,000 (exclusive)		
15,000,000 (inclusive)~30,000,000 (exclusive)		
30,000,000 (inclusive)~50,000,000 (exclusive)		
50,000,000 (inclusive)~100,000,000 (exclusive)		
More than 100,000,000		
Total	2	2

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

2023 Unit: NT\$

	Job title	Name	Amount of shares (proposed)	Cash amount (proposed)	Total	As percentage of income after tax (%)
Managerial officers	President	Huang Chng-Tze	0	435,075	435,075	0.5783%
	Group Vice President	Lee Ching-Song				
	Assistant Vice President	Wang Shih-Chieh				
	Financial Manager	Wu Pao-Hua				
	Manager	Chen Pin-Jung				
	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 Company's directors, supervisors, president, and vice presidents to the income after tax referred to in the parent company only or individual 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	2023		2022	
	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement
Job title				
Director	13.80%	13.81%	26.24%	26.27%
Supervisor	N/A.	N/A.	N/A.	N/A.
President and Vice President	6.78%	6.78%	14.24%	14.24%

B. The Company's remuneration to directors for the latest two years consists of fixed amount and remuneration to directors equivalent to 2% of the income before deduction of the remuneration. Analyzing by amounts, the amount for 2023 increased from 2022, mainly due to the increase in the directors' remuneration. The percentage of 2023 remuneration to the income after tax in the parent company only or consolidated financial statements is lower than that for 2022, primarily as a result of the net profit before tax in 2023 higher than that in 2021.

- C. The amount of remuneration for the President and vice presidents in 2023 was similar to that in 2022. Except the fixed salary, the bonus and employee remuneration in 2023 were increased slightly from 2022. The proportion of income after tax in 2023 was lower than that in 2022, mainly due to the higher net profit before tax in 2023 compared with 2022.
- (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 2023. 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 Chng-Tze	6	0	100%	New elected on August 10, 2021
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)	Mori Yosuke	6	0	100%	New elected on April 18, 2022
Corporate director (Representative of Aica Kogyo Company Limited)	Nishino Go	6	0	100%	New elected on November 1, 2022
Corporate director (Representative of Yue Dean Technology Corporation)	Shih Chih-Hung	6	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:

The Company has established the Audit Committee, and thus Article 14-3 of the Securities and Exchange Act is not applicable. Regarding the operation of the Audit Committee in accordance with Article 14-5 of the Securities and Exchange Act, please refer to other matters required to be recorded in the Operation of the Audit Committee.

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 2022 year-end bonus to managerial officers discussed by the Board of Directors on January 18, 2023
 Motion for 2022 distribution of earnings to directors discussed by the Board of Directors on August 8, 2023
 Motion for 2022 distribution of remuneration to employees discussed by the Board of Directors on August 8, 2023.
2. No discussion about specific remuneration to individual stakeholders was done at said meetings; therefore, no individual stakeholder needed to recuse himself/herself.

III. Information on the evaluation cycle and period, assessment scope, method and evaluation content of the Board's self (or peer) evaluation of TWSE/TPEX-Listed Companies

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

Evaluation	Assessment	Assessment	Evaluation	Evaluation content
Implemented once per year (February 2024)	2023/01/01 to 2023/12/31	the Board	All 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	All directors - Board Member's 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.

Implemented once per year (February 2024)	2023/01/01 to 2023/12/31	Remuneration Committee	All members - Functional Committee Performance Self-Assessment Questionnaire	<ol style="list-style-type: none"> 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 2024)	2023/01/01 to 2023/12/31	Audit Committee	All members - Functional Committee Performance Self-Assessment Questionnaire	<ol style="list-style-type: none"> 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 2023 performance assessment was carried out in the form of internal self-assessment of the Board and the self-assessment of board members. 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 12, 2024.

3. The performance self-evaluation results in 2023: (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 members performance self-assessment results: Good.
 - (4) Summarization of the 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 2023, 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.

V. The succession plan and the board members and key management personnel, and operation status thereof:

1. Board members:

- (1) The Company's Articles of Incorporation expressly specify that the candidate nomination system is adopted for the election of directors, and clearly stipulates in the "Corporate Governance Best Practice Principles" that the composition of the Board of Directors shall take diversity into consideration. The diversity guidelines are formulated regarding the Company's operating structures, business development directions, future development trends, including but not limited to aspects of the basic requirements and values, professional knowledge and skills, and the ability to execute the business, as the criteria for the director successors.
- (2) The Company has also established the "Regulations Governing the Remuneration and Performance Evaluation of Directors and Functional Committee Members." The measurement items under the performance evaluation include the control of the Company's goals and tasks, awareness of responsibilities, participation in operations, management of internal relations and communication, professional functions and continuing education, internal control, and expression of specific opinions, among other things, to confirm the effectiveness of the Board of Directors' operation, and evaluate the performance of the directors, as a reference for the succession of directors.
- (3) The Company not only collects director candidates who meet the Company's diversity policy qualifications through its network, but also searches for suitable director candidates through the independent director talent database.
- (4) The Company follows the aforementioned director succession plan, for each re-election of directors, the Company selects the candidates compliant with the Company's core values, with the professional knowledge and skills beneficial to the Company's operation and management, and are compatible with the Company's and relevant industry experience. It is expected that the addition of such member will form an effective, complementary and diverse board of directors meeting the Company's needs for the Company.
- (5) The selection process of the Company's director candidate list complies with the qualification review and related regulations, to ensure that suitable new directors can be effectively identified and elected for re-election, vacancies or plans to increase directors.

2. Key management:

- (1) The Company establishes an organizational chart based on operational objectives and submits it to the Board for approval, and appoints deputies in accordance with the "Regulations Governing Deputy Management." The key positions are passed on through the deputy mechanism to ensure the normal operation of the organization.
- (2) Arrange orientation, legal, core function, professional, ISO and management trainings by accommodating operational goals and manpower requirements derived from business development in accordance with education and training management procedures, to improve knowledge, attitude and skills of employees required for work; The quality of manpower is enhanced to ensure production efficiency and work quality, improve corporate profitability and brand image, and increase the Company's competitiveness.
- (3) In accordance with the systematic training system, the Company enhances the effectiveness of the training system, and improves the quality of manpower for the better competitiveness of the Company. In 2023, the total training hours reached 1,230.5 hours, and each employee received 6.44 hours of training in average.

2. Chief corporate governance officer:

(1) Date of establishment:

The Company's Board of Directors approved the establishment of a Corporate Governance Officer on June 29, 2021.

(2) Job authority:

- A. Convention of board meetings and shareholders' meetings under laws;
- B. Preparation of board meeting and shareholders' meeting minutes;
- C. Helping directors with assumption of office and continuing education;
- D. Providing directors with the information needed to perform their duties;
- E. Helping directors comply with laws;
- F. Any other matters defined by the Articles of Incorporation or contract.

(3) Information about the chief corporate governance officer:

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

(4) 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 12 every year. His continuing education status in 2023 is specified as following.

Organizer	Name of Course	Course Hours
Taiwan Stock Exchange	Promotion Seminar of Sustainable Development Action Plan for TWSE/TPEX-listed Companies	3
Chinese Intangible Assets and Enterprise Evaluation Association	Intellectual property management becomes a new topic of corporate governance	6
Securities & Futures Institute	2023 Insider Trading Prevention Presentation Conference	3

(II) Operations of 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 2023. The attendance of independent directors and the operation are 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. The circumstances referred to 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
2023/01/18	2023 1st	1. Loaning to TOP WELL ELASTIC TECHNOLOGY CO., LTD. 2. Amendments to some provisions of the "payroll cycle" and "Enforcement Rules for Internal Audit on Payroll cycle."	None.	Proposal was approved as proposed	N/A.
2023/03/14	2023 2nd	1. Review on 2022 parent company only financial statements and consolidated financial statements. 2. Making of endorsements/guarantees for Dongguan Pou Chien Chemical Co., Ltd. 3. Amendments to the internal controls and enforcement rules of internal audit thereof.	None.	Proposal was approved as proposed	N/A.
2023/05/09	2023 3rd	1. Amendments to the "Management Cycles" 2. Acquisition of equipment for business use from Dongguan Pou Chien Chemical Co., Ltd.	None.	Proposal was approved as proposed	N/A.
2023/08/08	2023 4th	1. Discussion on 2023 Q2 consolidated financial statements. 2. Approved the remuneration for the appointment of attesting CPAs of the Company in 2023 3. Establishment of the internal control system and its implementation details of the internal audit for the "Operational Procedures for the Preparation and Verification of the Sustainability Report"	None.	Proposal was approved as proposed	N/A.
2023/11/10	2023 5th	1. Guarantee/endorsement for TOP WELL ELASTIC TECHNOLOGY CO., LTD. 2. Amendment to the "Computerized Information System Processing Control" and its detailed implementation rules for internal audits	None.	Proposal was approved as proposed	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 2023 are stated as following:

Date	Method	Counterpart	Communication matters	Outcome
At the end of each month and Board of Directors	Reported via email, phone, or verbally	All directors (Independent director included)	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.
2023/05/09	Report at Audit Committee meeting verbally	All independent directors	Amendments to Internal Control System and Internal Audit Implementation Rules	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.
2023/08/07	Report at Audit Committee meeting verbally	All independent directors	Amendments to the internal control system	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.
2023/11/10	Report at Audit Committee meeting verbally	All independent directors	2024 internal audit plan. Amendments to Internal Control System and Internal Audit Implementation Rules	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.

2. 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 held the individual communication meeting in March 2023.
- (2) The Audit Committee shall convene a meeting to discuss the external auditors' audit on the current financial statements and audit results in the individual communication meetings, 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 2023 are stated as following:

Date	Method	Counterpart	Communication matters	Outcome
2023/03/13 (Individual communication meeting)	Physical meeting (Office of Deloitte Taiwan) / video conference	All independent directors and the team of CPAs	The CPAs explained the 2022 financial statement audit results, key audit matters, explanations of important issues, and reminder of the update on important laws and regulations.	The independent directors fully understand the relevant content.
2023/03/14 (Audit Committee)	Physical Meeting/Video Conference	All independent directors, CPA team, accounting manager, and the Company's management	The accounting officer explained the results of the audit of the financial statements for the year ended December 31, 2022, and the staff from the accounting firm participated.	The independent directors approved the Company's 2022 financial report upon the full understanding, and submitted such to the board of directors for a 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.

V. Professional qualifications and experience of the Audit Committee members:

For details, please refer to Table "I. Disclosure of information about directors' and supervisors' professional qualifications and independent directors' independence" on Pages 12~13 of the annual report.

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 established the "Operations of Shareholder Service," "Operations of Shareholders' Rights" and "Rules of Procedure for Shareholder Meetings," to handle shareholders' related affairs. The shareholder service unit and spokesperson handle related matters. Shareholders may contact us through the "Contact Us" and the "Investor Section" on the Company's website to reflect the related problems. The Company will have designated personnel responsible for handling shareholders' recommendations, questions, disputes, and accepting, assessing, and replying litigation matters. 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 Company obtains the information of major shareholders through the monthly insider change report (at any time if required), and obtains the list of ultimate controllers through public information inquiries and inquiries to major shareholders.	(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; each	(III) No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			business are conducted fairly and reasonably based on the existing written regulations. In addition, the Company has established the "Regulations Governing Operations in relation to Finance and Business between Related Parties" to ensure that the financial and business dealings between the Company and its related parties are arm-length transactions.	
(IV) Does the Company establish internal policies that prevent insiders from trading securities based on non-public information?	V		(IV) The Company has established the “Ethical Management Best-Practice Principles,” the “Procedures for Ethical Management and Guidelines for Conduct,” “Corporate Governance Best-Practice Principles,” the “Code of Conducts for Directors, Supervisors, and Managerial Officers,” the “Operating Procedure for the Handling of Internal Important Information and Prevention of Insider Trading” and the "Operational Procedures for the Channel and Protection System for Whistleblowers" and other related regulations, specifying the confidentiality requirements of secrets and business sensitive data obtained during business for the directors, managerial officers, employees, and substantial controllers. The yearly education and promotion of relevant laws and regulations are conducted to prohibit insiders to trade securities with the information not public to the market. For information on the educational training and promotion of ethical corporate management, material information handling procedures, and prohibition of insider trading, please refer to the	(IV) No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			descriptions in Item VI under the "Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
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?	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 in the description of information on directors on pages 7~8 and 12~13 of the annual report.	(I) No deviation.
(II) Is the Company, in addition to establishing the Remuneration Committee and Audit Committee pursuant to laws, willing to establish any other functional committees voluntarily?		V	(II) The Company, in addition to establishing the Remuneration Committee and Audit Committee pursuant to laws, has not yet established any other functional committees.	(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 2022 self-evaluation result was reported to the Board of Directors on March 14, 2023, and the 2023 self-evaluation result was reported to the Board of Directors on March 12, 2024.	(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"	(IV) No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			and assessment form regularly each year. The 2023 assessment result on the independence and suitability of attesting CPAs was deliberated by the Audit Committee, and reported to the Board of Directors on January 18, 2023 and August 8, 2023. Please refer to the “Information about External Auditor’s Professional Fee” for the evaluation report.	
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 has attended the continuing education courses for 12 hours in 2023.	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: https://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		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	(III) Announce before the time limit for the evaluation

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?			financial reports and the monthly operating situation. If the information is complete, it is announced as early as possible.	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		<p>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. The validity period of the latest certificate: November 3, 2023 to November 2, 2026.</p> <p>2. Employee care, investor relations, supplier relationship, and the rights of stakeholders: Stakeholders may contact the Company through diverse channels. Related questions will be handled and answered by dedicated personnel, and the rights of relevant personnel are valued.</p> <p>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.</p> <p>Training hours in 2023: Directors had a total of 6</p>	No deviation.

Scope of Assessment	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>hours.</p> <p>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.</p> <p>5. The situation where the Company purchases liability insurance for directors: Liability insurance has been purchased for directors and important staff.</p>	
<p>IX. 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:</p> <p>(I) Notes to the result of the Corporate Governance Evaluation of 10th 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.</p> <p>(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.</p>				

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

1. Information about Remuneration Committee members

Position	Qualifications	Professional Qualifications and Experience	Independence	Number of positions as a Remuneration Committee member in other public listed companies	Remark
	Name				
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 June 25, 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 2023:

Remuneration Committee Date	Term	Proposal content	Resolution result	The Company's handling of the opinions of the Remuneration Committee
January 18, 2023	6th meeting of 5th term	1. Discussion on the evaluation standards of the directors' and managerial officers' performance, the annual and long-term performance goals and remuneration policy, system, standard and structure 2. Motion for allocation of 2022 year-end bonus to managerial officers.	Passed unanimously.	1. Unanimously approved by all attending committee members; no proposal was made so nothing for discussion by the Board of Directors. 2. None; submitted to the Company's Board of Directors for resolution
March 14, 2023	7th meeting of 5th term	1. Allocation of 2022 remuneration to employees and directors.	Passed unanimously.	None; submitted to the Company's Board of Directors for resolution
August 7, 2023	8th meeting of 5th term	1. Distribution of 2022 remuneration to directors. 2. Motion for allocation of 2022 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; Disclose climate-related information:

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

Item	Status			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	V		1. Promote the sustainable development governance framework: Please refer to the Company's sustainability report.	No deviation. The Company will continue to promote the sustainable

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
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?			<p>2. Implementation of sustainable development unit:</p> <p>(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 Sustainability Committee (CSR Committee), a functional committee in 2015, and then renamed the committee into Sustainability Center. Meanwhile, the Company organized the GHG accounting team, which explained the GHG accounting and sustainable development implementation plan to the Board of Directors in January 2022 at the same time.</p> <p>(2) Composition and operations of the unit members, and execution status: The Company's Sustainability Center 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. In 2023, the Sustainability Center convened three meetings.</p> <p>(3) Frequency of reporting to the Board of Directors by the promotion unit: The Sustainability Center has reported relevant operations to the Board of Directors every quarter. In 2023, the reports were made four times in total, and the most recent report was made on</p>	development-related business, and also enhance the frequency of communication with the Board of Directors.

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>November 10, 2023.</p> <p>3. How does the Board supervise the sustainable development progress:</p> <p>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.</p>	
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 principle, and adopt related risk management policies or strategies? (Note 1)	V		<p>1. Boundary of risk assessment:</p> <p>The boundary of risk assessment refers to the Company primarily for the disclosure of the year.</p> <p>2. Risk assessment standards, process, results and risk management policies or strategies about identification of material ESG issues:</p> <p>The Sustainability Center 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. For the procedures to identify the material issues, related risk management policy or strategies, please refer to the sustainability report.</p>	No deviation.
III. Environmental issues (I) Does the company establish an appropriate environmental	V		For the environmental protection issues, the Company promoted the environment management system in	No deviation.

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
management system according to its industry characteristics?			accordance with ISO 14001 in 2000, and received the environmental management system certification. Meanwhile, the revised version of ISO14001:2015 certification was conducted in 2017. Before the expiry date of the certificates, the Company will continue to obtain the certificate from external organizations through re-verification. The latest validity period is between November 3, 2023 to November 2, 2026.	
(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		<p>2. According to the energy acts, the average annual power saving rate per user shall reach 1% or more, and the Company continuously to promote the energy saving measures. According to the calculation method of the promotional measures for declaring “Energy Audit for Sectors of Production Nature,” it is calculated that the power saving rate was 1.58% and 1.93% for 2022 and 2023, respectively.</p> <p>2. Research and develop green products, and use the PU shoe material made of CO2 carbon sources and biomass material, namely the renewable materials with low impact on the environmental load.</p> <p>A bluesign is the certification for the optimization of the resource utilization and minimal impact on the environment. Some of Evermost's products are certified with bluesign®, which can be inquired on the website of bluesign finder.</p>	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	No deviation.

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof																		
	Yes	No	Summary																			
			Company’s ESG report for details. In response to climate change, the Sustainability Center has gradually conducted the inventories of energy consumption and carbon emissions, formulated relevant energy-saving and carbon-reduction measures, and further assessed the development of new products by using low emission materials or technologies, the potential current and future risks and opportunities of climate change to the Company, and possible countermeasures. Please refer to the ESG report.																			
(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		<div>1. The statistical data and intensity of greenhouse gas emissions, water consumption, and total weight of waste in the last two years (calculated per ton of product). The data covers all domestic factories of Evermost: (1) Greenhouse gas emissions</div> <div>Unit: Tons/CO2e</div> <table><tr><th>Year Item</th><th>2022</th><th>2023</th></tr><tr><td>Scope 1</td><td>3,517.913</td><td>3,380.208</td></tr><tr><td>Scope 2</td><td>4,997.569</td><td>4,991.529</td></tr><tr><td>Total</td><td>8,515.482</td><td>8,371.737</td></tr><tr><td>Net production volume (Ton)</td><td>18,409.48</td><td>16,779.17</td></tr><tr><td>Greenhouse gas emission intensity</td><td>0.462</td><td>0.499</td></tr></table> <div>For other details, please refer to the chapter of the Sustainability Report. Since 2021, Evermost has conducted an inventory of greenhouse gas emissions and promoted various energy-saving measures at the same time. With the base year of 2021, the Company has identified material energy-using processes or units, and gradually established and tracked management actions and</div>	Year Item	2022	2023	Scope 1	3,517.913	3,380.208	Scope 2	4,997.569	4,991.529	Total	8,515.482	8,371.737	Net production volume (Ton)	18,409.48	16,779.17	Greenhouse gas emission intensity	0.462	0.499	No deviation.
Year Item	2022	2023																				
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			<p>reduction programs.</p> <p>As the chemical process requires heating for chemical reaction, the energy consumption will increase or decrease depending on the change in production volume. Therefore, there is a positive correlation between carbon emissions and production volume. The production volume in 2023 was lower than that in 2022, and the total GHG emission decreased accordingly. However, with the different product combinations, the process time affected the energy consumption relationship, the emission intensity in 2023 was higher than that in 2022.</p> <p>Management actions and reduction plans:</p> <p>The Company has set the energy saving target, and the annual power consumption shall be reduced by 1% or more year-on-year, and the total emission target in 2024 is less than 7,787.222 tons. The concrete measures and results in 2023 are as follows:</p> <p>A. Change of utilization:</p> <ol style="list-style-type: none"> (1) Cleansing cooling copper pipes with ice water chiller saved power by 35,668 kWh and reduced carbon by 18.155 tons. (2) The water chiller was switched off for all processes other than those required for production, and the cooled water was used instead, saving 138,476 kWh of power and reducing 68.546 tons of carbon. (3) When the production capacity is low, the air compressor pressure of the nitrogen generator is lower, saving 3,223 kWh of power and reducing 1.595 tons of carbon. (4) When the production capacity is low, the air compressor pressure is lowered, saving 1,607 kWh of power and 0.818 ton of carbon. <p>B. Newly purchased equipment:</p> <ol style="list-style-type: none"> (1) Installation of air curtains in the freezers of Production Sections I and III, saving 1,089 kWh 	

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof															
	Yes	No	Summary																
			<p>of power and reducing 0.554 ton of carbon.</p> <p>(2) The existing water chilling air-conditioning system was replaced with a separate air conditioner, saving 6,000 kWh of power and reducing 3.054 tons of carbon.</p> <p>C. Power monitoring:</p> <p>The Dayuan Factory adopts the power monitoring system to visualize energy consumption. In case of abnormality, the corresponding units will be notified immediately for rectification.</p> <p>In 2023, an abnormality where a total of 893 kWh of power increased was detected. The abnormal location was immediately confirmed when the incident was found, and the responsible unit was notified for improvement. It is planned to construct the system in the Nangang Factory from the main user units in 2024.</p> <p>(2) Water consumption:</p> <p>Unit: million liters</p> <table><tr><th>Year</th><th>2022</th><th>2023</th></tr><tr><td>Water withdrawal</td><td>39.764</td><td>38.740</td></tr><tr><td>Water discharged</td><td>12.346</td><td>12.969</td></tr><tr><td>Water consumption</td><td>27.418</td><td>25.771</td></tr><tr><td>Reuse of recycled water from processes</td><td>0.216</td><td>0.138</td></tr></table> <p>The Company's water source is tap water, and the main usages include raw materials or solvents, cooling water for processes, water for process steam boiler, and domestic water.</p> <p>After internal treatment, wastewater is discharged to the wastewater treatment plant in the industrial zone. Testings are conducted in accordance with the testing regulations. No violations of exceeding the discharge</p>	Year	2022	2023	Water withdrawal	39.764	38.740	Water discharged	12.346	12.969	Water consumption	27.418	25.771	Reuse of recycled water from processes	0.216	0.138	
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	Yes	No	Summary																																																												
			<p>limit occurred in 2023.</p> <p>Management actions and reduction plans:</p> <p>It is proceeded by dividing as two major classifications, water saving in production processes and water saving in daily life. Water usage is to be managed to achieve < 35,000 m3/year.</p> <p>A. In terms of water saving in the process, the Company has been recycling water from process for many years, and will continue to work hard to optimize the process in the future. A total of 138 tons of water from process was recycled and reused in 2023.</p> <p>B. In terms of water saving for daily use, the Company continues to install water economizers on taps, reduces water output at low-frequency water areas, and collects rainwater for green plant irrigation.</p> <p>(3) Waste:</p> <p>Unit: tons</p> <table><tr><th rowspan="2">Classification</th><th rowspan="2">Waste Code</th><th colspan="3">2022</th><th colspan="3">2023</th></tr><tr><th>Total output</th><th>Reuse</th><th>Removal and treatment</th><th>Total output</th><th>Reuse</th><th>Removal and treatment</th></tr><tr><td rowspan="2">General industrial waste</td><td>Category D</td><td>534</td><td>35</td><td>499</td><td>1,126</td><td>806</td><td>320</td></tr><tr><td>Category R</td><td>6</td><td>6</td><td>0</td><td>6</td><td>6</td><td>0</td></tr><tr><td rowspan="3">Hazardous industrial waste</td><td>C-0301</td><td>10</td><td>0</td><td>10</td><td>7</td><td>0</td><td>7</td></tr><tr><td>B-0347</td><td>49</td><td>49</td><td>0</td><td>115</td><td>115</td><td>0</td></tr><tr><td>B-0399</td><td>11</td><td>11</td><td>0</td><td>6</td><td>6</td><td>0</td></tr><tr><td colspan="2">Total</td><td>610</td><td>101</td><td>509</td><td>1,260</td><td>933</td><td>327</td></tr></table> <p>The Company engages qualified vendors to remove and transport waste, and depending on the characteristics of waste, incineration, heat treatment, landfill, and</p>	Classification	Waste Code	2022			2023			Total output	Reuse	Removal and treatment	Total output	Reuse	Removal and treatment	General industrial waste	Category D	534	35	499	1,126	806	320	Category R	6	6	0	6	6	0	Hazardous industrial waste	C-0301	10	0	10	7	0	7	B-0347	49	49	0	115	115	0	B-0399	11	11	0	6	6	0	Total		610	101	509	1,260	933	327	
Classification	Waste Code	2022				2023																																																									
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General industrial waste	Category D	534	35	499	1,126	806	320																																																								
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Item	Status				Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof																									
	Yes	No	Summary																											
			<p>recycling are adopted for disposal.</p> <p>Management actions and reduction plans:</p> <p>The Company establishes programs including reduction at source, waste reduction at production, as well as sorting, recycling, and reuse, to manage the waste output. At the end of each year, the Company convenes meetings to discuss the new annual reduction target.</p> <table><tr><th colspan="2">Indicator content</th><th>Goals for 2022</th><th>Status of Achievement</th><th>Goals for 2023</th><th>Status of Achievement</th></tr><tr><td>Nangang</td><td>PE film recycled kg÷ (removed waste plastic mixture volume + PE film recycled)</td><td>>10%</td><td>Achieved</td><td>>30%</td><td>Achieved</td></tr><tr><td>Dayuan</td><td>5% reduction of hazardous waste liquids (annual)</td><td>No target set</td><td>N/A.</td><td>The target was extrapolated from the actual situation in the previous year <5.035 tons</td><td>Not achieved</td></tr><tr><td>Dayuan</td><td>5% reduction in general industrial waste (annual) at Dayuan</td><td>No target set</td><td>N/A.</td><td>The target was extrapolated from the actual situation in the previous year <39.32 tons</td><td>Achieved</td></tr></table> <p>2. For the details of GHG emission reduction, water consumption reduction or other waste output and management policies, please refer to the Company’s sustainability report.</p> <p>3. The information on the Company's greenhouse gas emissions, water consumption, and total weight of waste in 2022 has been verified by Ernst & Young with a assurance report issued. Please refer to the 2022 Sustainability Report. The verification of the 2023 information is under progress as of the publication date of this annual report.</p>			Indicator content		Goals for 2022	Status of Achievement	Goals for 2023	Status of Achievement	Nangang	PE film recycled kg÷ (removed waste plastic mixture volume + PE film recycled)	>10%	Achieved	>30%	Achieved	Dayuan	5% reduction of hazardous waste liquids (annual)	No target set	N/A.	The target was extrapolated from the actual situation in the previous year <5.035 tons	Not achieved	Dayuan	5% reduction in general industrial waste (annual) at Dayuan	No target set	N/A.	The target was extrapolated from the actual situation in the previous year <39.32 tons	Achieved	
Indicator content		Goals for 2022	Status of Achievement	Goals for 2023	Status of Achievement																									
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Dayuan	5% reduction in general industrial waste (annual) at Dayuan	No target set	N/A.	The target was extrapolated from the actual situation in the previous year <39.32 tons	Achieved																									
IV. Social issues (I) Does the Company establish the	V		The Company establishes the work rules and management			No deviation.																								

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
related management policies and procedures in accordance with the relevant laws and international human rights conventions?			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.	
(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		<p>1. Employee welfare measures: The Company handles the employee remuneration, workplace diversification and equality, leave, allowances, cash gifts and subsidies, as well as the trust system of employee shareholding in accordance with labor-related laws and regulations. All of the employees' interests and rights are protected legally. Please refer to the labor relations under "Five. Operation Overview" in the Company's annual report and the sustainability report.</p> <p>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 the Regulations Governing Salary Management. The performance evaluation covers achievement of annual budget, department performance and personal performance, work skill performance, operations management and</p>	No deviation.

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			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		<ol style="list-style-type: none"> 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 	No deviation.

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>the sports club.</p> <p>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.</p> <p>8. There was no fire incident in 2023, and no fire-related casualty was reported; the Company has established relevant fire prevention systems and equipment, regularly maintained fire alarm facilities and conducted fire drills, to ensure the Company's personnel and property not to sustain losses due to fire.</p>	
(IV) Does the Company establish an effective career development training program for employees?	V		The Company has established education and training management methods and formulated an annual education and training plan, 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.	No deviation.
(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	V		For the customers' health and safety of products and services, customers' privacy, marketing and labeling, among other issues, 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	No deviation.

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
relevant consumer protection or customer interest policies and appeal procedures?			contact methods for interested parties and for customers to provide comments or appeals. For details, please refer to the Company's ESG report.	
(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?	V		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.	No deviation.
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?	V		<ol style="list-style-type: none"> 1. The Company follows the Global Reporting Initiative Standards (GRI Standards) in preparation of its ESG report. 2. Please refer to the Sustainability Report for the verification of the Company's Sustainability Report. 	No deviation.
<p>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:</p> <p>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 pursuant to the provisions of the Principles.</p>				
<p>VII. Other important information to facilitate understanding of sustainable development operations:</p> <ol style="list-style-type: none"> 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 2014, 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. In 2023, the 				

Item	Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
total amount of donation was NT\$126,148.				
3. The Company has diverse talent recruitment channels, including recruiting young and outstanding talents through industry-academia cooperation. There was a total of 0 person under the industry-academia cooperation in 2023.				
4. The Company makes 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 sustainability report for details				
A. Liquid-injected incinerator: The particulate matter emission control standard values applicable to such equipment are 50mg/Nm3 (new pollution sources) and 100 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 July 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”.				

Note 1: The principle of materiality refers to the environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

2. Implementation status of climate-related information:

Item	Implementation Status										
1.Describe the Board of Directors and management’soversight and governance of climate-related risks and opportunities.	<p>1.Board of Directors ：</p> <p>The board of directors is the highest governance unit of the company ， Supervise the company's sustainable development business promotion situation ， Evaluate strategic feasibility and monitor 、 Review strategy progress ， and urge the management team to make adjustments when necessary 。</p> <p>2. Sustainability Center ：</p> <p>The company's sustainability center is the highest-level sustainability organization of the management team ， Members include general manager ， General Manager’s Office and Heads of Departments ， Ability to effectively integrate resources ， Negotiate and implement various policies in a strategic, systematic and organized manner. in ， The Sustainability Team is responsible for assessing sustainability issues such as environmental,social, corporate governance and climate risks, opportunities and financial impacts. 、 Establish strategies and management indicators and submit them to the board of directors in a timely manner. Each unit focuses on the climate-related risks and opportunities that have been identified ， According to the level of impact ， Set management goals and methods.Since 2022, the Sustainability Center has reported to the Board of Directors quarterly reports on greenhouse gas inventory status or measures related to climate change. 。</p>										
2. Describe how the identified climate risks and opportunities affect the business, strategy,and finances of the Company (short, medium, and long term).	<p>The company refers to the core structure recommended by the Task Force on Climate-Related Financial Disclosures (TCFD) to manage climate-related risks and opportunities ， Conduct data collection in sequence,conduct cross-department discussions to identify risks and opportunities, assess the short, medium and long-term financial impact of relevant risks and opportunities, develop the company's feasible operating model and adjust operating policies and response measures. Evaluated by the Sustainability Development Team ， Continuing the results of 2022 of identification ， Identified risks and opportunities related to 2023 years ， At the same time, evaluate the possible time when relevant risks and opportunities occur and their impact on finances ， We have also developed relevant countermeasures as follows:</p> <table><tr><th>type</th><th>Climate-related risks/opportunities</th><th>Impact time</th><th>potential financial impact</th><th>Impact on business or response strategies</th></tr><tr><td>change type wind risk</td><td>Carbon emission control and carbon tax collection</td><td>Long-term</td><td>Increased costs 、 Increase in expenses</td><td>Use low-carbon raw materials, replace energy-consuming equipment or add energy-saving equipment, and use low-carbon</td></tr></table>	type	Climate-related risks/opportunities	Impact time	potential financial impact	Impact on business or response strategies	change type wind risk	Carbon emission control and carbon tax collection	Long-term	Increased costs 、 Increase in expenses	Use low-carbon raw materials, replace energy-consuming equipment or add energy-saving equipment, and use low-carbon
type	Climate-related risks/opportunities	Impact time	potential financial impact	Impact on business or response strategies							
change type wind risk	Carbon emission control and carbon tax collection	Long-term	Increased costs 、 Increase in expenses	Use low-carbon raw materials, replace energy-consuming equipment or add energy-saving equipment, and use low-carbon							

Item	Implementation Status				
					or renewable energy to reduce carbon emissions.
		Low carbon product development costs increase	Interim	Increase in costs, Increased capital spending	Utilize external resources for low-carbon product development, company process carbon reduction, or customer processing procedure carbon reduction technology development
		Rising costs of low-carbon raw materials	Interim	Increased costs	Find low carbon ingredients or suppliers
		Customers switch to low-carbon products	Long-term	operating income decrease	Connect supply chain relationships through product carbon footprint inspections, jointly develop low-carbon products with customers, and cooperate with customers' carbon neutrality commitments
	Physical risks	Climatic factors cause unstable power supply	Short-term	Increased capital expenditures, Increase in costs, Decrease in revenue	Because unstable power supply may cause equipment damage and need repairs, semi-finished products in the process may be damaged and scrapped, or production interruptions may affect delivery and reduce revenue, it is necessary to accurately grasp the power company's power outage information and build generators to prepare for temporary power outages.
		Heavy rainfall, flooding, flooding	Short-term	Increase in costs	Rainwater contamination of moisture-sensitive products will affect quality and increase disposal costs.

Item	Implementation Status				
					Through BCP war games, we ensure that relevant countermeasures are implemented normally and effectively, and ditches are cleaned regularly to maintain smooth drainage.
		Water shortage and water restriction pressure	Long-term	Increase in costs	Pay close attention to the water company's announcement of water outages, take measures to store water, and increase the amount of recycled water in the factory for reuse.
	Opportunity	Develop low-carbon products to enter new markets	Long-term	Increase in revenue	International brand customers are highly receptive to green and carbon-reducing products. Through product carbon footprint inventory, a database is established and the supply chain is connected with the carbon emission database. The complete database data can enhance the brand's customer appeal and create revenue.
		Improve process energy efficiency and reduce costs	Long-term	expenses reduction	Find emission hotspots through carbon disks, and gradually improve production schedule design through overall production equipment (OEE) efficiency tracking to reduce energy use and reduce carbon emissions.
3. Describe the financial impact of extreme weather events and transformative actions.	extreme climate events : Events such as heavy rainfall, typhoons, heat waves, droughts and water shortages will cause traffic interruptions, power supply interruptions, damage to factory machinery and equipment, and low production efficiency caused by high temperature weather ' This may lead				

Item	Implementation Status
	<p>to interruption of the company's supply chain and increase the cost of raw materials 、 Bear higher factory operating costs 、 Even the production line cannot operate normally.</p> <p>transformational action ：</p> <p>Transition actions aimed at reducing greenhouse gas emissions 、 To mitigate the frequency of extreme weather events. Including low-carbon product development costs 、 Use low-carbon raw materials to increase costs 、 In order to reduce energy consumption, investment in greenhouse gas reduction projects such as production line equipment upgrades, factory renovations, personnel training, or carbon rights trading, etc. May increase operating costs in the short term 、 In the long term, if the company's transformation actions are successful, it may be able to enter the brand's green supply chain, which will have a positive financial impact.</p>
<p>4.Describe how climate risk dentification, assessment and management processes are integrated into the overall risk management system.</p>	<ol style="list-style-type: none"> 1. In accordance with the ISO "Business Strategy Management Procedure", the company has each unit raise relevant operational risks, opportunities and climate-related issues. The sustainable development team integrates and identifies climate-related risks and opportunities proposed by each unit, and evaluates and determines financial impacts or impacts 、 Reduce the impact of relevant risks on business and finance by formulating relevant response strategies 、 Use SWOT to analyze and formulate company strategic goals 、 Also include identifying climate-related risks and opportunities 、 And establish short, medium and long-term strategies and management indicators 、 Various policies and management indicators are implemented by relevant units, and each unit fully implements risk management and control of daily operations in accordance with the established operating standards and management regulations. 2. The sustainability team integrates organizational resources 、 Coordinate and track the implementation status of various policies 、 Hold meetings from time to time to review implementation progress 、 Modify strategies or management indicator content when necessary 、 At the same time, the implementation results will be reported to the board of directors.
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters,assumptions,analysis factors,and major financial impacts used should be described.</p>	<p>The Company does not currently use scenario analysis for assessment.</p>
<p>6.If there is a transition plan for managing climate-related isks,describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>The company's transformation plan to manage climate-related risks is still under discussion.</p>

Item	Implementation Status		
7. If internal carbon pricing is used as a planning tool,the bases for setting the price should be stated.	The company has not yet used internal carbon pricing as a planning tool.		
8.If climate-related targets have been set, the activities covered, the scopes of GHG emissions, the planning horizon,and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets,the source and quantity of carbon credits of RECs to be offset should be specified.	The company's climate-related goal setting is still under development and planning. °		
9.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan: 9-1Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years: 9-1-1Greenhouse gas inventory Information: Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million yuan) and data coverage of greenhouse gases in the past two years. 9-1-2 Greenhouse Gas Confirmation Information: Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.	The capital of the company has less than 5 billion yuan. The greenhouse gas inventory and confirmed situation, reduction targets, strategies and specific action plans are all under planning. Only partial disclosures will be made this year. Data coverage : Parent company		
	year	2022	2023
Item			
Category 1 (mt CO2e)		3,517.913	3,380.208
Category 2 (mt CO2e)		4,986.974	4,991.529
total		8,504.886	8,371.737
Net production (tons)		18,409.48	16,779.17
Intensity (metric tons CO2e/net production)		0.462	0.499
Convinced information		without confirmation	without confirmation
9-2 Greenhouse gas reduction target, strategy and specific action plan: Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets. °	The company set the 2022 year of the Republic of China as the base year and began to conduct an inventory of greenhouse gas emissions, covering the Nangang Factory in Nantou City and the Dayuan Factory in Taoyuan City. The company identified major energy uses, established and tracked management actions and reduction plans, and reduced targets. , strategies and specific action plans are still under discussion. °		

(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, 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?	V		(III) The Company has established its Procedures for 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	

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>II. Implementation of ethical management</p> <p>(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?</p> <p>(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?</p>	<p>V</p> <p>V</p>		<p>the disclosure plan prior to amendments and standardizes the scope of defense.</p> <p>(I) The Company will assess the trading counterpart's ethical management record based on the related provisions of internal control or ISO procedures, and expressly state the ethical management best-practice principles to be followed.</p> <p>(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.</p> <p>The Administration Division of the Company is responsible for the amendment, implementation, interpretation and consultation service of the Ethical Corporate Management Policies and Codes of Conduct, as well as the recording and documenting reports among other related operations, and the supervision of implementation. It is mainly responsible for the following matters:</p> <p>1. Assist in integrating integrity and ethical values into the Company's</p>	No deviation.

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>business strategy and cooperate with the legal system to formulate relevant anti-fraud measures to ensure ethical management.</p> <p>2. Regularly analyze and evaluate the risks of dishonesty in the business scope and formulate plans to prevent dishonesty, incorporating standards of the Procedures and Guidelines for Conduct within each plan.</p> <p>3. In planning internal organization, establishment, and responsibility, for business activities with a high risk of dishonesty in the business scope, it shall place a mechanism for mutual supervision and checks and balances.</p> <p>4. It shall promote and coordinate of ethical policy advocacy training.</p> <p>5. It shall plan the reporting system, ensuring the effectiveness of implementation.</p> <p>6. It shall assist the Board of Directors and management to check and evaluate whether the preventive measures established by ethical management are operating effectively, and regularly evaluate and follow the relevant business processes in a report.</p> <p>The Administration Division reports related operations and implementation results to the Board of Directors at least</p>	

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(III) Does the Company define any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	V		<p>once a year. On November 10, 2023, the Administration Division reported the ethical management policy, implementation methods, audit and implementation results to the Board of Directors.</p> <p>(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. The Company has established the "Operational Procedures for the Channel and Protection System for Whistleblowers." Any person who discovers that the Company (including subsidiaries) or any person performing</p>	

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			duties on behalf of the Company may violate the law or business ethics, may notify the Company through the whistle-blowing channels. There will be dedicated personnel to handle related matters in accordance with the procedures.	
(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 audit plans, and check the compliance with the plan to prevent dishonesty, or entrust an accountant to perform the audit?	V		(IV) The Company has established an internal control system, accounting system and other relevant rules and regulations, and they are operating effectively. The internal auditors regularly review relevant transactions, and the audits cover unethical conducts, and the results of the audit will be reported to the Board of Directors; the CPAs conduct internal control system audit, covering the status of ethical corporate management.	
(V) Does the Company organize internal/external education training program for ethical management periodically?	V		(V) The Company regularly organizes internal and external education and trainings and promotion on ethical management from time to time. Please refer to the description of "VI. Other Important Information Helpful to Understand the Company's Operation of Ethical Corporate Management" in this Table.	

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>III. Status of the Company's whistleblowing system</p> <p>(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?</p>	V		<p>(I) The Company has established the "Operational Procedures of Channels and Protection Mechanism for Whistleblowers" to regulate the procedures for receiving and handling relevant information; the channels for whistle-blowing are disclosed on the Company's website. Depending on the cause of the report, different dedicated personnel will handle related matters. The whistleblower may also 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 takes disciplinary actions against these who violate the ethical management in accordance with the Personnel Regulations. If the offender objects the disciplinary action, he/she may appeal based on the facts. For whistle-blowers, in addition to relevant protective measures, rewards will be given in accordance with the Company's Personnel Regulations.</p>	No deviation.

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(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?	V		(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. No whistle-blowing incident was received in 2023.	
(III) Does the Company adopt any measures to prevent the whistleblowers from being abused after the whistleblowing?	V		(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, and measures to protect the whistleblower.	
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 discloses the Ethical Corporate Management Best Practice Principles on the Company's website and the Market Observation Post System, and discloses the relevant operations and implementation results on the Company's website. For relevant details, please refer to the disclosures in the "Operation Explanation" under the "Corporate Governance" on the Company's website.	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				

Scope of assessment	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof	
	Yes	No	Summary		
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 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). The Company's ethical corporate management and its implementation are as follows: 1. Preventive regulations: constantly monitor regulations and practical implementations, to adjust and amend relevant regulations in a timely manner. 2. Education, trainings, and promotions on ethical corporate management, procedures for handling material information, and prohibition of insider trading:					
	Month	Target audience	Attendees/hour	Method	Content and Topic
	January 2023	All directors	Nine persons	Email	1. Promotion on declaration of insider change. 2. Promotion and explanations to these who are subject to the prohibition of insider trading must not trade the Company’s shares within the blocking periods, which are 30 days prior to the announcement of the annual financial report, and 15 days prior to the announcement of the quarterly financial report
	June 2023	All directors	Nine persons 2.25 hours in total	Meeting	1. Promotional explanation of the “Operating Procedure for the Handling of Internal Important Information and Prevention of Insider Trading.” 2. The securities market regulations, independent director regulations, and promotional explanations for directors and supervisors to be paid attentions by the public companies, the directors and supervisors, and the major shareholders thereof. 3. Promotion and explanations to these who are subject to the prohibition of insider trading must not trade the Company’s shares within the blocking periods, which are 30 days prior to the announcement of the annual financial report, and 15 days prior to the announcement of the quarterly financial report

Scope of assessment					Status		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
					Yes	No	
Month	Target audience	Attendees/hour	Method	Content and Topic			
				4. Promotional explanation on the contents related to violations in the declaration of changes in shareholdings by the public companies in recent years.			
October 2023	Managerial officers and employees	105 persons 52.5 hours in total	Meeting	1. Prohibition of insider trading (the definition of a blocking period, the prohibition of trading the Company's shares within the blocking periods, which are 30 days prior to the announcement of the annual financial report, and 15 days prior to the announcement of the quarterly financial report; social cases, related internal procedures, among other things.) 2. Ethical principles (definition of unethical conducts, prohibition of offering or accepting undue benefits, internal procedures, among other things.) 3. Reporting channels (method to use the reporting system, protective measures for whistle-blowers, relevant internal procedures, among other things.) ※ After the meeting, the meeting information will be provided to all employees through email.			
October 2023	All directors	Nine persons	Email	Insiders are not allowed to promote securities lending transactions.			
November 2023	All directors	Nine persons	Email	1.Reporting and publicity on insider changes ° 2.Insider trading is prohibited. Targets are not allowed to trade the company's stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. Promotional Notes.			
November 2023	All directors	Nine persons 2.25 hours in total	Meeting	Explained the relevant requirements of ethical corporate management and reported the implementation in 2023.			
3. Unethical incidents: No unethical incident was found during the internal audit and the CPAs’ audit in 2023, and no report of unethical incident was received.							

- (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.

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EVERMORE CHEMICAL INDUSTRY CO., LTD.

Statement of Declaration on Internal Control System

Date: March 12, 2024

The following declaration had been made based on the 2023 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, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- 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, 2023, 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 12, 2024.

Evermore Chemical Industry Co., Ltd.

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

General Manager: Huang Chng-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 2023 and until the date of publication of the annual report:

Date		Contents	Resolutions	Status
Annual General Meeting on June 27, 2023	Matters to be Ratified	1. Ratification of the 2022 business report and financial statements.	Passed unanimously.	-
		2. Ratification of 2022 earnings distribution plan.	Passed unanimously.	Already allocated the cash dividend totaling NT\$49,694,000 on August 8, 2023.
	Matters to be Discussed	1. Termination of the non-competition restrictions imposed on directors.	Passed unanimously.	-

2. Important Board resolutions in 2023 and up to the date of publication of the annual report:

Date	Contents	Resolution
2023/01/18	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.
2023/03/14	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 Dongguan Pou Chien Chemical Co., Ltd. 10. Amendments to the internal controls and enforcement rules of internal audit thereof.	Passed unanimously.
2023/05/09	1. Discussion on 2023 Q1 consolidated financial statements. 2. Amendments to the "Management Cycles" 3. Acquisition of equipment for business use from Dongguan Pou Chien	Passed unanimously.

Date	Contents	Resolution
	Chemical Co., Ltd. 4. E. Sun Bank short-term loan contract renewal. 5. Proposal to adjust the investment structure of TOPCO (SHANGHAI) CO., LTD	
2023/06/27	1. Appointment of the directors of the subsidiary 2. Termination of the non-competition restrictions imposed on managerial officers. 3. Determination of base date and payment date for the 2022 earning distribution. 4. Proposal for the Company's organizational system adjustment.	Passed unanimously.
2023/08/08	1. Discussion on 2023 Q2 consolidated financial statements. 2. Approved the remuneration for the appointment of attesting CPAs of the Company in 2023 3. Establishment of the internal control system and its implementation details of the internal audit for the "Operational Procedures for the Preparation and Verification of the Sustainability Report" 4. Distribution of 2022 remuneration to directors 5. Managerial officers' allotment of employee remuneration for 2022.	Passed unanimously.
2023/11/10	1. Discussion on 2023 Q3 consolidated financial statements. 2. 2024 internal audit plan. 3. Guarantee/endorsement for TOP WELL ELASTIC TECHNOLOGY CO., LTD. 4. Amendment to the "Computerized Information System Processing Control" and its detailed implementation rules for internal audits 5. Appointment of R&D Department Manager 6. Deliberation of 2024 budget.	Passed unanimously.
2024/01/30	1. Mega Bank short-term loan contract renewal. 2. Renewal of contract for issuance of commercial papers by Mega Bills Finance Co., Ltd. 3. Establishment of the "Regulations Governing Operations in relation to Finance and Business between Related Parties" 4. Periodically review the annual and long-term performance goals and remuneration policy, system, standard and structure for the Company's directors, supervisors and managerial officers. 5. Motion for allocation of 2023 year-end bonus to managerial officers.	Passed unanimously.
2024/03/12	1. Presentation of the Company's 2023 Statement of Declaration on Internal Control System. 2. Allocation of 2023 remuneration to employees and directors. 3. Review on 2023 parent company only financial statements and consolidated financial statements. 4. 2023 earnings distribution. 5. Amending the "Rules of Procedure for Shareholders' Meetings." 6. Taipei Fubon Bank short-term loan contract renewal. 7. Making of endorsements/guarantees for Dongguan Pou Chien Chemical Co., Ltd. 8. Loaning to TOP WELL ELASTIC TECHNOLOGY CO., LTD. 9. Assessment on independence and competence of the attesting CPAs and their appointments and remunerations 10. Convention of 2024 annual general meeting.	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.

Job title	Name	Date of onboard	Date of discharge	Cause of resignation or discharge
R&D Department Manager	Liu Shih-Wei	2019/04/01	2023/08/18	Resigned
R&D Department Manager	Chen Pin-Jung	2023/11/10	-	Newly elected

V. Information about External Auditor's Professional Fee:

Unit: NT\$ thousand

Name of CPA	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees	Total	Remark
Deloitte Taiwan	Chiang Shu Ching	2023/01/01-2023/12/31	3,435 thousand	200 thousand	3,635 thousand	
	Su Ding-Jian	2023/01/01-2023/12/31				

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:

In accordance with the "Regulations Governing Assessing the Independence and Suitability of Certified Public Accountants" and with reference to the Audit Quality Indicators (AQIs) of the accounting firm, the independence and suitability of CPAs are evaluated as follows. Related assessment information was deliberated by the Audit Committee, and reported to the board of directors for resolution on January 18, 2023 and August 8, 2023.

The key assessment items are as follows:

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 in the 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 CPAs not 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 18, 2023

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

VI. Information about Replacement of CPAs

(I) About the former CPA

Date of replacement	Q4 2023		
Cause and Remarks	Due to the internal rotation within Deloitte Taiwan, the Company has adjusted its external auditors from Tai Hsin-Wei and Su Ding-Jian to Chiang Shu-Ching and Su Ding-Jian, since Q1 2023.		
To specify whether the client or CPA terminates or rejects the appointment	Principal	CPA	Client
	Status		
	Terminate the appointment voluntarily	V	
	No longer accept (continue) the appointment		
Issuance of the audit report other than the audit report containing unqualified opinions in	None.		

the most recent two years, and cause thereof			
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or steps of audit
			Any others?
	None.	✓	
		Description	
Other disclosures (To be disclosed under the subparagraphs 6.1(4) ~ (7) of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.)		N/A.	

(II) About the succeeding CPA

Name of CPA Firm	Deloitte Taiwan
Name of CPA	Chiang Shu-Ching, CPA and Su Ding-Jian, CPA
Date of appointment	Passed by the Board of Directors on January 18, 2023
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:

1. Directors, supervisors, managers and major shareholders' equity changes

Job title	Name	2023		Ended on April 29, 2024	
		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: Mori Yosuke (Elected on April 18, 2022)	0	0	0	0
	Representative: Nishino Go (Elected on November 1, 2022)	0	0	0	0
	Yue Dean Technology Co., LTD.	0	0	0	0
	Representative: Shih Chih-Hung (Elected 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 Chng-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 (Note 1) (Resigned and discharged on August 18, 2023)	31,237	0	0	0
Manager	Chen Ping-Jung (took office on November 10, 2023)	0	0	0	0

Note 1: Shares withdrawn from employee shareholding trust account.

2. Where the counterparty of equity transfer or equity pledge is a related party, relevant information shall also be disclosed: None, and thus not applicable.

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

April 29, 2024

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%	1,879,657	1.89%	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	-
Pou Chien Enterprise Co., Ltd. Chairman: Wu Hui qi	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: Yu-Chun Chen	1,901,750	1.91%	0	0	0	0	None.	-	-
E. Sun Commercial Bank entrusted the Employee Stock Ownership Meeting of Risheng Chemical Co., Ltd.	1,898,592	1.91%	0	0	0	0	None.	-	-
Li Tsui Chu	1,879,657	1.89%	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 share capital

Year/ Month	Issue price	Authorized capital stock		Paid-in capital stock		Remark					
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital	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	Note Reduced capital stocks sold	Nil	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	Note Reduced capital stocks sold	Nil	February 26, 2015	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, 2024

Quantity/ Shareholders' Structure	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	1	1	14	5,306	14	5,336
Shares held	126	1,898,592	7,474,352	39,933,136	50,081,794	99,388,000
Shareholding (%)	0.00	1.91	7.52	40.18	50.39	100

(III) Distribution of equity

April 29, 2024

Shareholding category	Number of shareholders	Shares held	Shareholding
1 ~ 999	3,820	550,692	0.55
1,000 ~ 5,000	1,147	2,088,226	2.10
5,001 ~ 10,000	132	1,020,983	1.03
10,001 ~ 15,000	53	672,479	0.68
15,001 ~ 20,000	22	412,779	0.42
20,001 ~ 30,000	53	1,301,389	1.31
30,001 ~ 40,000	17	589,146	0.59
40,001 ~ 50,000	16	749,424	0.75
50,001 ~ 100,000	34	2,437,068	2.45
100,001 ~ 200,000	20	2,794,489	2.81
200,001 ~ 400,000	5	1,332,196	1.34
400,001 ~ 600,000	4	1,953,396	1.97
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	0	0	0.00
More than 1,000,001	13	83,485,733	84.00
Total	5,336	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 or top ten shareholders April 29, 2024

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%
Pou Chien 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.	1,901,750	1.91%
E. Sun Commercial Bank entrusted the Employee Stock Ownership Meeting of Risheng Chemical Co., Ltd.	1,898,592	1.91%
Li Tsui-Chu	1,879,657	1.89%

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

Item \ Year			2022	2023	Current year up to March 31, 2024 (Note 8)
Share price (Note 1)	Highest		18.55	19.55	18.75
	Lowest		13.50	14.50	16.70
	Average		15.94	17.06	17.50
Net worth per share (Note 2)	Before distribution		15.05	15.07	15.53
	After distribution		14.55	14.57 (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)		0.35	0.76	0.30
Stock dividend per share	Cash dividend		0.5	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)		45.49	21.53	N/A.
	P/D ratio (Note 6)		31.84	32.72	N/A.
	Cash dividend yield (Note 7)		3.14	3.06	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:

- (1) 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%)

- (2) 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.

- (3) The accounting treatment if the actual distributed amount differs from the estimated amount:

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:

- (1) According to the motion for allocation of 2023 remuneration passed by the Board meeting on March 12, 2024, the remuneration to employees should be NT\$4,975,204 thousand and the remuneration to directors NT\$1,990,081 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.

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

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

- (1) The actual allocation of remuneration to employees and directors in 2022:

Unit: NT\$

Item	Initial motion for allocation passed by the Board meeting	Actual allocation	Variance
Remuneration to employees	2,352,799	2,352,215	584
Remuneration to directors	941,119	449,035	492,084

- (2) Any discrepancy from the recognized remuneration of employees and directors, the amount of the discrepancy, the reason and the treatment:

A. The difference in employee remuneration is the difference at the end after the calculation of the payment formula, which is expected to be included in the most recent payment of employee remuneration.

B. 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.

(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	78%
PE resin	4%
Other products	18%
Total	100%

3. Current products of the Company:

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

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 2024, including:

A.SDG3 good health and well-being:

- i. Medical PU pressure-sensitive adhesive
- ii. Development of medical thermoplastic PU resin film materials
- iii. Formaldehyde-free ultra-low TVOC grade polyurethane reactive hot melt adhesive corresponding to healthy housing

B.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 acrylate resin applied to the surface decoration film of electric vehicle components

C.SDG 9 industry, innovation and infrastructure:

- i. Development of PU materials for electrospinning technology
- ii. High-performance non-yellowing and low-dissociation crosslinker
- iii. Light-curing resin for 3D printing

D.SDG 11 sustainable cities and communities:

- i. Development of thermoplastic PU resin for fire hose
- ii. High solid content water-based carbodiimide crosslinker
- iii. Adhesive for solvent-free aluminum foil film

E.SDG 12 responsible consumption and production:

- i. GRS-certified high recycled ratio TPU material

- ii. Development of high-durability polycarbonate-based PU for textile coating
- iii. Recyclable supercritical nitrogen foamed thermoplastic polyurethane materials for shoes.
- iv. Polyurethane coating materials for textiles renewed by recycling of the PET raw materials
- v. Solvent-free PU composite system for soft shoe materials

F.SDG 13 climate action:

- i. Polyurethane materials developed based on biomass raw materials
- ii. Application technology and development of chemical degradation
- iii. PU material conforming to the International Sustainable Carbon Certification (ISCC)

G.SDG 15 life on land:

- i. High-performance glued laminated timber structural adhesive for use of sustainable 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 2023:

In 2023, the overall international economy has been affected by the ongoing fights against high inflation, the continued tightening of the U.S. monetary policy, rising interest rates, sluggish trade activities, and the global geopolitical conflicts and tensions. Global economic growth rate continues to slow down.

In 2023, the economy was affected by unfavorable factors such as high inflation, high interest rates, and the post-pandemic economic recovery short from expectation in China and other major economies around the world. As a result, consumer spending and demand weakened worldwide. The slowdown of the activities in the world's major manufacturing countries, coupled with the continuation of the Russia-Ukraine War, the conflict in the Gaza Corridor, and the Red Sea Crisis, unfavorable impacts were generated continuously on global economic development and social security and stability in 2023. According to the IMF report, the global economic growth declined from 3.5% in 2022 to 3.1% in 2023.

Looking to 2024, it is expected that the global economy will continue to decline, dragging down by factors including that geopolitical conflicts will continue to intensify, and various wars (the Russia-Ukraine War, the war in Gaza Corridor, the Red Sea Crisis, and the conflict between Armenia and Azerbaijan), and central banks of major developed countries like the U.S. and European countries defer the interest rate cuts to curb inflation, the global macro economy is expected to remain weak in 2024. It means that 2024 will still be a tough year for the market environment of business operations.

2. Related industries in 2023:

PU upstream raw materials:

In 2023, due to the continuation of the Russia-Ukraine War and rising inflation, the supply of upstream raw materials exceeded the demand, and the prices of raw materials will remain flat to decline. However, due to the extremely poor demand in the end market, the prices of raw materials are maintained at a low price.

Downstream segment of the industry:

At the beginning of 2023, the Russia-Ukraine War continued, the high inflation rate was still developing, and the overall global consumption was tightened. PU and UV related downstream products were all struggling for the operations.

3. Looking 2024, the continuous Russia-Ukraine War, the development of cross-strait issues, generation of the Red Sea crisis, and the global inflation issue remaining unsolved, and the intensifying confrontation between the United States and China are the most important factors critical to the global economy directly. Taiwan is an export-oriented economy, and all major raw materials need to be imported. In 2024, the international situation will determine Taiwan's economy. In addition, the 2024 Paris Olympics can be expected to set off another heat wave of consumer spending. In addition, in 2024, regarding climate change issues, energy saving, carbon reduction, and ESG issues have become important policies. Therefore, under the strong demand for environmental protection, energy saving and carbon reduction, and recycling, the corresponding products will be continuously developed and sold, meanwhile, breaking through the existing difficulties and limitations,

differentiated and niche products are developed, produced, and sold. 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 and North East Asia region, due to the adjustment of industry positioning 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 for cultivation in Vietnam, Thailand, Indonesia and other countries from 2024 onwards to obtain greater efficiency and output.

Since AICA Group invested in Evermore at the beginning of 2018, profits have been generated through both parties' continuous close and deepened 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 2024, it will expand its investment more precisely and specifically to aim at integrating 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 2024, Evermore will expand the emphasis on development of green products that meet the needs of environmental protection, energy-saving 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 environmental 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 PUD, 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	2023	January~March 2024
Consolidated R&D expenses (NTD thousand)	64,164	15,569
% of consolidated operating revenue (%)	2.71%	2.50%

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. Polyurethane lightweight materials for footwear developed based on raw materials derived by negative emission technology
- ii. Polyurethane insole materials for footwear developed based on raw materials derived by negative emission technology
- iii. Development of ultra-lightweight bicycle seat cushion using supercritical nitrogen foaming technology
- iv. Full-recyclable supercritical nitrogen foaming PU shoe material
- v. High stability water-based PU dispersion emulsion for spraying inks for shoe materials

B.Industrial sectors:

- i. Small package moisture reactive heat-melting adhesive for woodworking
- ii. TPU injection material for brand tools
- iii. Architectural water-based coatings
- iv. Glued laminated timber structural adhesive for sustainable use of forest resources

C.Green materials:

- i. Utilization of recycled PET to re-make polyester polyol for waterproof and moisture-permeable PU textile coating
- ii. Utilization of recycled PET to re-make polyester polyol for waterproof and moisture-permeable film of moisture-hardening lamination adhesive
- iii. Injection components for recyclable TPU soft shoes
- iv. Benzene-free and ketone-free ink carrier
- v. DMF-free PVC lamination adhesive
- vi. Water-based PU resin dispersion emulsion for leather

- vii. Light-curing acrylate monomer corresponding to sustainable waste water-free process
- viii. Bluesign® certified polyurethane materials for textiles
- ix. Light-curing acrylate monomer/oligomer using bio-based raw materials
- D.High-value added materials:
 - i. New water-based carbodiimide crosslinker
 - ii. Surface treatment agent for medical latex gloves
 - iii. High-temperature-resistant cooking grade food packaging adhesive
- (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:

The advantages, such as R&D results developed by Evermore thoroughly for a long-term research, technological innovation and real-time services, and work with the direct customers in the downstream segment closely and deeply to provide the products leading in the market under the trend of environmental protection, energy-saving and carbon reduction. 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 capacity, decrease in operating cost, and improve operating profitability.

We will continue to invest in the R&D and expansion of eco-friendly solvent-based, water-based and solvent-free high-niche and blue ocean products and expand market sales, increasing sales margin.

By combining AICA and overseas subsidiaries, the Company pursues the market demand for high-value products and strives for product sales proactively in Japan, Korea, Vietnam, Thailand and Indonesia, and Europe

B. CLA:

In consideration of the emerging competitors from China, who adopted the low-price strategy, the Company's competitiveness in sale of crosslinker products to the market of China was thus lost. Currently, the Company has completed its re-organization of sale strategy to increase the direct customer sales and shift the sale territories, in order to maintain the room for seeking profit. Meanwhile, the Company will enhance the deeper development of 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:

Increase the involvement in, and seize, the business opportunity as the brand is valuing the application of PU to sport shoes increasingly; enhance the cooperation with the top brands, such as Nike, adidas, and Converse, improve PU functionality, and work with OEM 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:

Increase the involvement in the terminal market in Taiwan, verify the key customers with customized services, to 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 TPU of shoe-injection grade, calendaring/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:

Maintain the sales of traditional UV monomers and oligomers, we also increase the strength to expand full glossy and partial glossy with net printing 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 to the increase in business profit.

F. PU reactive hot melt adhesive:

Solvent reaction free hot-melt adhesive products satisfy the need for current environmental protection. In the textile lamination market, we enhance the cultivation of cooperation 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 deep cooperation and joint development 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 changes, emphasis of environmental awareness, and ESG have become a necessary condition for corporate governance. The demand for green products such as energy saving, carbon reduction, environmental protection, and recycling for reuse has become the mainstream of the chemical engineering industry. EVERMORE uses the polyurethane-related basic chemical reactions as its essential core competence and pillar, to conduct the organizational carbon inventory; the inventory of Scope 2 has been completed, and is now progressing to the complete inventory of Scope 3 gradually, 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 deepen the cultivation of the two major business lines, namely PU 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, introduces high-end technologies and cooperate with key partners 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. Cultivate the cooperation with AICA to expand the sales of products in the Japanese and Korean 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 market trend and in order to secure the leading position.
- C. Workers' safety is the first priority. We will continue to refine the production process and fulfill corporate social responsibilities.
- D. Increase sales and development in North East Asia and South East Asia to diversify risks from a single market.

II. Production and marketing situation

(I) Market analysis:

1. Territories where main products are marketed:

EVERMORE is a fine chemical and synthetic resin manufacturer specialized in PU and related products. The Company keeps adjusting its operating structure and transforming the development, in response to the ever-changing market, industry and environment now. 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	2022		2023	
	Sales value	%	Sales value	%
Domestic	1,137,652	38%	869,047	37%
China	963,783	33%	651,003	27%
Others	855,756	29%	847,462	36%
Total	2,957,191	100%	2,367,512	100%

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

(1) Market share:

The Company's products are constantly diversified and developing applications in various industries, covering numerous areas and many downstream industries. Because PUR products have gone through constant competitions and evolution, the current supply and demand is over supply as the economic situation is sluggish and the inflation remains. However, Evermore has cultivated the local operations in Taiwan, the market share in Taiwan is growing gradually, now is about 26%. We are the main domestic manufacturer of CLA products, while the products made in China are penetrating in the market of Taiwan increasingly, the CLA products produced by Evermore are rather competitive in Taiwan, and the market share thereof in Taiwan is about 33%. For PUS products, we are currently one of the few domestic system manufacturers. For the shoe material production and manufacturing, Taiwan mainly serves as the R&D centers, the production and manufacturing are done overseas. Therefore, the PUS of Evermore accommodates the needs of brands deeply, to develop suitable system materials to be produced and manufactured overseas. Due to the rising awareness of environmental protection, the demand for solvent-free TPU is getting robust, and the peer competitors also actively expand the TPU capacity. Through the long-term cultivation in market in Taiwan, the market share is about 20%. As for the development of UV light curing products, the Company's main suppliers in Taiwan include the manufacturers such as Eternal Chemical, Qualipoly Chemical and Covestro. Besides, there are many foreign manufacturers are relatively, in particular, the Chinese and Korean manufacturers are taking the market with low prices. The market share of Evermore's UV products is about 8%.

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

The end applications of Evermore's PU and UV-related products have significantly direct relationship to daily consumer products. After the high inflation in the post-pandemic era, there is a consumption contraction in the global consumer market and the demand declines greatly. It is believed that the demand is bottomed out in 2024, and it is expected that the demand will recover slowly. The end applications is broad and closely correlate to daily consumer product. Therefore, in 1H of 2024, Evermost will, depending on the recovery of end demand, accept orders actively to satisfy the production utilization rate proactively, and develop and sell high-value green products at the same time. In 2H of 2024, 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 of Evermore is larger than others in the same industry, which increases our purchasing advantages.
- (2). We have long-term experience of 35 years in R&D, production and sales and have established deep partnerships with customers; customer satisfaction is high.
- (3). The continuous development of green products, such as solvent-free products and UV curable products, will bring a significant increase in product sales.

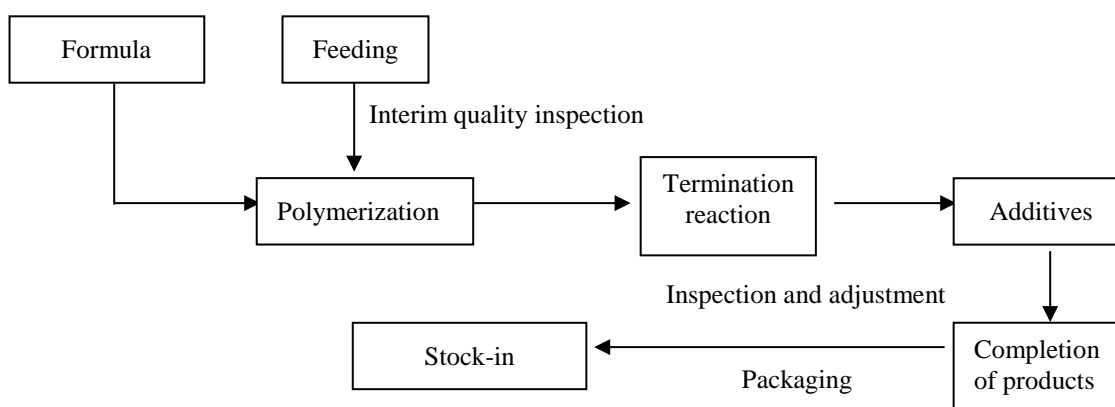
- (4). Continuous resources are being invested into the R&D team to deepen R&D energy, which can respond to the changing development needs of the industrial environment.
 - (5). We have experience in OEM production with major international factories for a long time; professional technology, production and management, and effective cost control improve competitiveness.
 - (6). The product diversity and applications in different fields might are relatively resilient to any material impact posed by negative factors in a single market environment.
 - (7). Continuous introduction of AICA technology to Evermore 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 application industries are widely distributed and operational risk is relatively low.
 - B. The percentage of operating revenue from green and eco-friendly and energy-saving products is increasing year by year in line with the current international trend.
 - C. The sales locations in South East Asia and North 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 industry.
 - E. Deep cooperation with AICA has produced effects in Japan, Korea, and South East Asia. We will continue to develop new products and new markets.
 - (2) Negative factors:
 - A. Existing production bases and the market's harsh business environment:
 In the post-pandemic era, the economic recovery in China has been short from expectation, resulting in severe involution. The US-China rivalry continues to be elevated. The supply chain continues to de-sinicization, making the business environment for Evermost in China more difficult.
 Responsive measures: To cope with the re-positioning of global production bases, the Company improves the localized production, supply, sales and service of Vietnam Factory, enhance the service spirit of Local for Local, continue to expand the proportion on the operation of the sales in Thailand, penetrate into the market in Southeast Asia based on the integrated operation in Taiwan, Vietnam and Thailand more directly and rapidly, deepen the cooperation with AICA to expand the sales in Japan and Korea, to gradually expand the production bases and markets in other areas; the differentiated products are developed simultaneously, as well as the high-end product, to continuously maintain the growth with the sustainable operation.
 - B. The persisting Russia-Ukraine War, the remaining unimproved inflation issue, the generation of the Red Sea Crisis, result in the prices of raw materials relatively unstable. Besides, there is no 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. The upstream raw materials suppliers less emphasize the market in Taiwan, 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 Evermore is mainly supplied for coating and lamination of synthetic leather, split 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 injection shoe material and cell phone 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 or more of the Company's total procurement for the most recent two years:

Unit: NTD thousand

	2022				2023				2024 up to Q1			
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
	Supplier N	243,726	12	None.	Supplier N	195,944	13	None.	Supplier N	50,275	12	None.
	Others	1,819,500	88		Others	1,256,628	87		Others	376,512	88	
	Net procurement	2,063,226	100		Net procurement	1,452,572	100		Net procurement	426,787	100	

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

Unit: NTD thousand

	2022				2023				2024 up to Q1			
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	2,957,191	100		Others	2,367,512	100		Others	622,532	100	
	Net sales	2,957,191	100		Net sales	2,367,512	100		Net sales	622,532	100	

Note: The Company's sales amount and ratio vary depending on the major customers' market shares. In 2023 and Q1 of 2024, 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

Unit: Tons/RMB thousand							
Production volume and value	Year	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products							
PU synthetic resin		-	31,454	2,394,712	-	21,019	1,662,933
PE resin		-	2,442	145,984	-	4,716	239,965
Other products		-	97	39,176	-	105	33,743
Total		72,800	33,993	2,579,871	72,800	25,840	1,936,641

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/ NT\$ thousand

Unit: Ton/ N/A thousand									
Sales volume and value Main products	Year	2022				2023			
		Domestic marketing		Export		Domestic marketing		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
PU synthetic resin		9,012	980,599	14,698	1,438,687	7,613	739,646	11,002	1,100,501
PE resin		1,240	84,490	1,096	77,464	984	58,364	854	49,477
Other products		248	72,563	1,659	303,388	243	62,613	2,644	356,911
Total		10,500	1,137,652	17,452	1,819,539	8,840	860,623	14,500	1,506,889

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		2022	2023	Current year up to March 31, 2024
Number of employees	General officers	252	244	245
	Direct labors	122	113	117
	Total	374	357	362
Average age		41.54	42.01	41.71
Average service seniority		9.27	9.97	9.80

Year		2022	2023	Current year up to March 31, 2024
Academic background percentage	Doctor	2%	1%	1%
	Master	9%	9%	9%
	College/University	54%	59%	59%
	Senior high school	25%	23%	23%
	Below senior high school	10%	8%	8%

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 2023 and as of the publication date of the annual report, there was no loss due to environmental pollution, and the environmental audits found the following violations of environmental protection laws and regulations:

Date of disposition	Document No. of disposition	Provisions of regulations violated	Description of the violated regulations	Description of disposition	Amount of loss/ countermeasures
2024/01/02	20-113-010003	Paragraph 2, Article 24 of the Air Pollution Control Act	Five kinds of raw materials not being used in accordance with the permit and recorded the operations.	Subparagraph 5, Paragraph 1, Article 62 of the Air Pollution Control Act	Fine NT\$100,000 / Enhance training and implement the record keeping
2023/04/25	34-112-040001	Paragraph 2, Article 9 of Toxic and Concerned Chemical Substances Control Act	Toxic chemical operation record and emission record filing abnormally	Pursuant to Subparagraph 3, Article 59 of the Toxic and Concerned Chemical Substances Control Act	Fine NT\$300,000 / Enhance training and correct filing
2023/04/25	40-112-040022	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	C-0301 Industrial wastes that are reused after in-house treatment were not disposed of in accordance with the industrial waste disposal plan	Pursuant to Subparagraph 1, Article 53 of the Waste Disposal Act	Fine NT\$60,000 / Outsourced disposal according to the waste disposal plan

2. The Company strives to comply with environmental protection requirements to fulfill corporate responsibility and the Company's sustainable operation goals. The Company has a number of pollution prevention equipment, such as liquid injection incinerators, wastewater treatment equipment, organic waste gas biological filter bed treatment equipment, etc. By managing and effectively operating pollution prevention equipment, and strengthening the processing capacity of pollution prevention equipment, the pollutants discharged from the flue meet the requirements of environmental protection laws and regulations.

In order to reduce the impact on the environment and the social responsibility of pollution and waste reduction, the results of the implementation of environmental protection, energy saving and other issues, and the specific future actions are as follows:

(1) Implementation results in 2023:

- A. Promote garbage classification; the recycling of PE class waste achieved 2,350kg in 2023 to reduce the output of the waste from wasted plastic mixture.
- B. Review and promotion of energy saving and carbon reduction solutions:
 - a. The acid cleansing of cooling copper pipes in public ice water chiller, can reduce the increase in energy consumption due to pipeline pollution and poor cooling efficiency (energy consumption increases by 3% for every 1 °C of temperature higher).
 - b. In addition to activating the LFT process in Section 2, the chiller was suspended, and the process was changed to use cooled water.
 - c. The nitrogen generator uses an air compressor. The pressure will be reduced when the production capacity is low. A reduction of 1kg/cm² can save 3% of power. It is estimated that the reduction of 0.5kg/cm² would save 177,367.1 KWH of power in 2023, and the annual carbon reduction after conversion was 87.797 tons/CO₂e

(2) Future concrete actions:

- A. Continue to recycle PE film to reduce the waste output of waste plastic mixture.
- B. Develop and research green products and promote green products within the range of alternatives in line with global environmental trends. Set a target for the percentage of green products in annual sales in 2024 to demonstrate the Company's proactive action.
- C. 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 2023, there is still 1 item having not obtained the standard registration completion code. The expenses are expected to cost NT\$200,000.
- D. Although it is not subject to the mandatory carbon inventory registration of processes emitting 25,000 metric tons of CO₂e per year as announced by the Environmental Protection Administration, the Company conducts voluntary greenhouse gas inventory in response to the global trend of net zero carbon emissions, and plans reduction plans as follows:
 - a. High power consumption processes and units are listed as the priority for power saving and improvement targets: to control power consumption, an intelligent energy monitoring system has been introduced, and digital management technology is used to monitor power consumption status to facilitate the acquisition of power consumption data for power saving improvement to reduce CO₂ discharge.
 - b. The solar power system planning in factories, to be implemented in phases:
 - (a). The first construction phase of the 99KW solar power equipment, which is estimated to cost about NT\$4.5 million and is expected to be completed in the first half of 2024.
 - (b). The second construction phase of the 170KW solar power equipment, which is estimated to cost about NT\$10 million and is expected to be completed in the second half of 2024.

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:

- (1) 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. The total expenditure for various activities organized by the Employee

Welfare Committee in 2023 was NT\$3,837 thousand.

- (2) The Company has formulated the "Employee Proposal Incentive Regulations" to encourage employees to care about anything that can be improved in their own working environment; the effect will be observed and scored. The effect-improvement bonus is rewarded. The Company had a total of three employee proposals in 2023.
- (3) The Company has formulated employee health management procedures with reference to the Labor Health Protection Rules, and cooperated with hospitals to implement on-site services for health promotion at the factories. Pursuant to the regulations, the nurses visit four times a month and physicians once a quarter. Persons to be tracked were selected from the health examination results for follow-up health promotion. For pregnant female employees, the Company allows them to dress in casual clothes for convenience. During the on-site services, the maternity counseling is arranged to monitor physical changes during the early, interim, and later stage of the pregnancy, to establish psychological support, and provide pregnancy information. The factories have a breastfeeding room for female employees who have returned from childbirth. Employees' physical recovery is tracked during maternity counseling period, and information on health care of newborn is provided.

The Company's implementation in 2023: There were 104 people receiving occupational nursing health examination counseling, four mothers received maternal protection through interviews with doctor/nurse, and health instructors.

- (4) Flexible working hours: Employees who need family care are provided with flexible working hours; they also adjust their time leaving office so that they can get off work earlier to avoid traffic peaks and improve traffic safety when commuting.
- (5) Leaves: Employees of the Company are entitled to official leave, work injury leave, personal leave, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave, childcare leave, and leave of absence without pay. In 2023, the total of four employees took parental leave and leave of absence without pay.
- (6) Occupational safety and health: Evermost arranges annual health examinations for all employees. The frequency and details of the examinations are better than the current regulatory standards. Examination items are selected based on the nature of work and potential risk exposure of each employee.

In accordance with occupational safety and health-related laws and regulations, the Company has formulated relevant internal management regulations such as "Forklift Operational Procedures, Electric Vehicle Management Regulations, Regulations on the Use of Personal Protective Equipment, 6S Promotion Procedures," and other internal management regulations, to implement workplace risk assessments. By requiring the safety as the nature, the working environment, machinery and equipment, and public facilities are improved actively to ensure a safe working environment for employees.

The Company distributes safety protection equipment based on workplaces and job duties, including helmets, safety shoes, goggles, safety skirts, earplugs, gloves, activated carbon masks, reflective vests, etc. The regulations of use are formulated to ensure the personal safety during work, and reduce and avoid the health and safety hazards.

The Company's implementation in 2023: 188 people for health examination, and NT\$1,024 thousand for procuring safety protection equipment.

2. Continuing education and training of employees:

- (1) 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.

Arrange pre-job training, general training, professional training, quality system training, and management training, by accommodating the corporate development and needs of planning the organizational manpower, to enhance the knowledge, attitude, and skills the employees need to achieve team and individual work goals, and promote the employees' productivity and work quality, so that employees and the Company may grow together.

Status of the Company's educational training in 2023:

Number of persons	Hours	Expenses incurred
484 persons	3,063.50 hours	NT\$2,334 thousand

- (2) Certificates and qualifications designated by the competent authority as acquired by the staff involved in financial transparency work:

Job Title	Officer	Deputy
Internal audit	1	1
Accounting Manager	1	1

3. 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.

For each of the Company's employees who apply the provisions of retirement in 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.

The employees of subsidiaries in the overseas subsidiaries of the Company pay the pension funds according to the social insurance systems defined by various local governments.

4. Labor-management agreement:

The Company's labor-management meetings are organized by employees' representatives and the Company's designated management representatives. Regular and irregular labor-management meetings are held. During the meetings, both labor and management coordinate to create a win-win situation for the employees and the management. A total of five meetings were held in 2023.

5. Measures for preserving employees' interests and rights:

- (1) The Company has stipulated the "Procedures for the Preventing and Handling Unlawful Infringement at Work, Sexual Harassment in Workplace, and Violation of Equality." The employees are diverse for their genders, and the Company is committed to providing employees with a dignified, safe work environment free of discrimination, harassment, or unequal treatment.
- (2) The Company has established the "Operational Procedures of Channels and Protection Mechanism for Whistleblowers," with physical employee suggestion box, and the reporting window and channels on the official website, handled by a dedicated person, for employees to express in diverse manner and fully respects the rights and interests of employees' opinions. The Company received three internal

recommendations in 2023, all of which have been duly responded to employees; no whistleblowing case was received in 2023.

- (3) In order to remind employees to observe ethical business conducts, the Company has established employee work rules and management regulations, so that employees can better understand their rights and obligations, and avoid misappropriation of property, payment, or other illegal acts that may lead to violations of laws or losses to individuals and the Company.
 - (4) 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.
- (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 and storage drill at least once per year.
- (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 CO2 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 (currently with three employees), 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.

In 2023, the Company invested resources in cyber security management, including firewall replacement, email defense mechanism, and EDR endpoint protection software, with a total expenditure of NT\$2,860 thousand.

- (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:

There has been no major information security incident causing damage to the Company's business in the most recent year and up to now. The Company continues to implement the information security management policy and regularly implements the recovery plan drill to protect the security of the Company's important system and data.

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, 2024 Financial information (Audited by the CPAs)
		2023	2022	2021	2020	2019	
Current assets		1,624,359	1,696,346	2,074,760	1,781,332	1,866,309	1,672,091
Property, plant and equipment		1,335,939	1,373,046	1,352,143	982,514	821,195	1,317,779
Intangible assets		52,023	55,059	48,703	52,070	3,255	51,057
Other assets		285,348	264,391	241,212	239,183	212,324	307,361
Total assets		3,297,669	3,388,842	3,716,818	3,055,099	2,903,083	3,348,288
Current liabilities	Before distribution	1,441,640	1,438,502	1,808,476	1,296,655	1,326,672	1,465,860
	After distribution	Note 2	1,488,196	1,808,476	1,346,349	1,391,274	N/A
Noncurrent liabilities		358,375	454,841	476,124	273,864	111,261	338,623
Total liabilities	Before distribution	1,800,015	1,893,343	2,284,600	1,570,519	1,437,933	1,887,296
	After distribution	Note 2	1,943,037	2,284,600	1,620,213	1,502,535	N/A
Equity attributed to the owner of parent company		1,497,654	1,495,499	1,432,218	1,484,580	1,465,150	1,543,805
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	419,694	399,844	364,634	404,271	394,863	449,939
	After distribution	Note 2	364,634	364,634	354,577	330,261	N/A
Other equity		(13,937)	3,758	(24,313)	(11,588)	(21,610)	1,969
Treasury stock		-	-	-	-		-
Non-controlling equity		-	-	-	-		-
Total equity	Before distribution	1,497,654	1,495,499	1,432,218	1,484,580	1,465,150	1,543,805
	After distribution	Note 2	1,445,805	1,432,218	1,434,886	1,400,548	N/A

Note 1: The financial information adopted IFRSs.

Note 2: The motion for 2023 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, 2024 Financial information (Audited by the CPAs)
	2023	2022	2021	2020	2019	
Operating Revenue	2,367,512	2,957,191	3,201,106	2,363,415	3,174,698	622,532
Gross profit	439,849	386,014	433,193	457,229	648,159	111,852
Operating income	91,535	(3,293)	31,289	137,490	200,484	28,954
Non-operating revenue and expenditure	568	46,515	(24,881)	(59,906)	(25,423)	10,913
Net profits before tax	92,103	43,222	6,408	77,584	175,061	39,867
Income from continuing operations before income tax	75,215	35,210	10,057	74,010	117,843	30,245
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss)	75,215	35,210	10,057	74,010	117,843	30,245
Other comprehensive income (net after tax)	(17,695)	28,071	(12,725)	8,947	(19,441)	15,906
Total comprehensive income	57,520	63,281	(2,668)	82,957	98,402	46,151
Net income attributed to the owner of parent company	75,215	35,210	10,057	74,010	117,843	30,245
Net income attributed to the non-controlling equity	-	-	-	-	-	-
Total comprehensive income attributed to the owner of parent company	57,520	63,281	(2,668)	82,957	98,402	46,151
Total comprehensive income attributed to the non-controlling equity	-	-	-	-	-	-
Earnings per share	0.76	0.35	0.10	0.74	1.19	0.30

Note 1: The financial information adopted IFRSs.

(III) Condensed entity balance sheet

Unit: NTD thousand

Year		Financial information for the past five years (Note 1)				
		2023	2022	2021	2020	2019
Current assets		745,936	809,407	1,071,325	745,009	628,041
Property, plant and equipment		1,188,717	1,107,538	1,070,480	685,823	606,200
Intangible assets		5,334	5,999	2,490	606	766
Other assets		1,205,587	1,250,657	1,210,299	1,336,646	1,210,448
Total assets		3,145,574	3,173,601	3,354,594	2,768,084	2,445,455
Current liabilities	Before distribution	1,290,002	1,233,267	1,462,646	1,031,751	894,617
	After distribution	Note 2	1,282,961	1,462,646	1,081,445	959,219
Noncurrent liabilities		357,918	444,835	459,730	251,753	85,688
Total liabilities	Before distribution	1,647,920	1,678,102	1,922,376	1,283,504	980,305
	After distribution	Note 2	1,727,796	1,922,376	1,333,198	1,044,907
Equity attributed to the owner of parent company		1,497,654	1,495,499	1,432,218	1,484,580	1,465,150
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	419,694	399,844	364,634	404,271	394,863
	After distribution	Note 2	350,150	364,634	354,577	330,261
Other equity		(13,937)	3,758	(24,313)	(11,588)	(21,610)
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	1,497,654	1,495,499	1,432,218	1,484,580	1,465,150
	After distribution	Note 2	1,445,805	1,432,218	1,434,886	1,400,548

Note 1: The financial information adopted IFRSs.

Note 2: The motion for 2023 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)				
	2023	2022	2021	2020	2019
Operating Revenue	1,478,090	1,882,582	1,660,798	1,219,612	1,401,543
Gross profit	219,637	202,589	200,434	217,729	230,638
Operating income	55,408	19,906	36,361	60,109	48,324
Non-operating revenue and expenditure	37,131	23,857	(32,592)	7,256	96,438
Net profits before tax	92,539	43,763	3,769	67,365	144,762
Income from continuing operations before income tax	75,215	35,210	10,057	74,010	117,843
Loss from discontinued operations	-	-	-	-	-
Net profit (loss)	75,215	35,210	10,057	74,010	117,843
Other comprehensive income (net after tax)	(17,695)	28,071	(12,725)	8,947	(19,441)
Total comprehensive income	57,520	63,281	(2,668)	82,957	98,402
Net income attributed to the owner of parent company	75,215	35,210	10,057	74,010	117,843
Net income attributed to the non-controlling equity	-	-	-	-	-
Total comprehensive income attributed to the owner of parent company	57,520	63,281	(2,668)	82,957	98,402
Total comprehensive income attributed to the non-controlling equity	-	-	-	-	-
Earnings per share	0.76	0.35	0.10	0.74	1.19

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
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
2023	Deloitte & Touche	Chiang Shu Ching 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, 2024	Remark
		2023	2022	2021	2020	2019			
Financial structure(%)	Ratio of liabilities to assets	54.58	55.86	61.46	51.40	49.53	-2.29	53.89	
	Ratio of long-term capital to property, plant and equipment	138.93	142.04	141.13	178.97	187.96	-2.19	142.85	
Solvency %	Current ratio	112.67	117.92	114.72	137.37	140.67	-4.45	114.07	
	Quick ratio	69.07	67.15	70.30	89.37	95.43	2.86	73.71	
	Interest coverage ratio	4.69	2.61	1.36	7.64	10.67	79.69	5.73	
Operational ability	Receivables turnover (counts)	3.01	3.04	3.38	2.59	3.01	-0.99	3.42	
	Average cash collection days	121.26	120.06	107.98	140.92	121.26	1.00	106.62	
	Inventory turnover (counts)	2.81	3.35	3.75	2.88	3.90	-16.12	2.99	
	Payables turnover (counts)	7.78	8.83	8.79	7.21	8.05	-11.89	7.26	
	Average inventory turnover days	129.89	108.95	97.33	126.73	93.58	19.22	122.27	
	Property, plant and equipment turnover (counts)	1.74	2.17	2.74	2.62	3.67	-19.82	1.86	
	Total assets turnover (counts)	0.70	0.83	0.94	0.79	1.07	-15.66	0.74	
Profitability	Return on assets (%)	2.84	1.59	0.70	2.79	4.49	78.62	3.08	A
	Return on equity (%)	5.02	2.40	0.68	5.01	8.27	109.17	5.62	A
	Income before tax/paid-in capital (%)	9.26	4.34	0.64	7.80	17.61	113.36	10.81	A
	Net profit margin (%)	3.17	1.19	0.31	3.13	3.71	166.39	3.45	A
	Earnings per share (NT\$)	0.76	0.35	0.10	0.74	1.19	117.14	0.30	A
Cash flow	Cash flow ratio (%)	31.69	23.69	-13.47	24.61	30.79	33.77	6.02	B
	Cash flow adequacy ratio (%)	117.83	80.83	42.75	144.45	183.24	45.78	88.06	B
	Cash reinvestment ratio (%)	11.75	9.79	-8.60	7.96	12.86	20.02	2.50	B
Leverage	Operating leverage	3.98	-79.49	8.89	2.85	2.28	-105.01	3.60	C
	Financial leverage	1.37	0.10	2.24	1.09	1.09	1270.00	1.30	C
<p>Please explain the reasons for changes in each financial ratio by more than 20% during the most recent two years:</p> <p>A. Mainly due to better profits than the previous year.</p> <p>B. Mainly due to better collection of payments and reduced inventory, resulting in an increase in net cash inflow from operating activities.</p> <p>C. The decline in revenue is lower than the decrease in costs, resulting in an increase in gross profit; and the recovery of overdue accounts, a reduction in expected credit impairment losses, and an increase in operating profits.</p>									

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)					Variance for the most recent two years (%)	Remark
		2023	2022	2021	2020	2019		
Financial structure(%)	Ratio of liabilities to assets	52.38	52.87	57.30	46.36	40.08	-0.93	
	Ratio of long-term capital to property, plant and equipment	170.60	175.19	176.73	253.16	255.82	-2.62	
Solvency %	Current ratio	57.82	65.63	73.24	72.20	70.20	-11.90	
	Quick ratio	35.80	36.72	45.95	47.25	40.37	-2.51	
	Interest coverage ratio	5.13	3.29	1.28	8.81	18.55	55.93	A
Operational ability	Receivables turnover (counts)	3.92	4.31	3.81	3.46	3.70	-9.05	
	Average cash collection days	93.11	84.59	95.80	105.49	98.64	10.07	
	Inventory turnover (counts)	3.65	4.22	4.22	3.56	3.81	-13.51	
	Payables turnover (counts)	6.58	7.17	6.04	5.85	6.02	-8.23	
	Average inventory turnover days	100.00	86.29	86.49	102.52	95.80	15.89	
	Property, plant and equipment turnover (counts)	1.34	1.72	1.89	1.88	2.23	-22.09	B
	Total assets turnover (counts)	0.46	0.57	0.54	0.46	0.57	-19.30	
Profitability	Return on assets (%)	2.94	1.54	0.67	3.10	5.13	90.91	A
	Return on equity (%)	5.02	2.40	0.68	5.01	8.27	109.17	A
	Income before tax/paid-in capital (%)	9.31	4.40	0.37	6.77	14.56	111.59	A
	Net profit margin (%)	5.08	1.87	0.60	6.06	8.40	171.66	A
	Earnings per share (NT\$)	0.76	0.35	0.10	0.74	1.19	117.14	A
Cash flow	Cash flow ratio (%)	16.02	15.35	-8.73	12.38	19.45	4.36	
	Cash flow adequacy ratio (%)	54.54	44.78	20.28	77.96	111.00	21.80	C
	Cash reinvestment ratio (%)	5.39	6.44	-6.27	2.39	6.61	-16.30	
Leverage	Operating leverage	3.60	8.65	4.61	3.20	3.63	-58.38	B
	Financial leverage	1.67	24.09	1.56	1.16	1.20	-93.07	D
Please explain the reasons for changes in each financial ratio by more than 20% during the most recent two years: A. Mainly due to better profits than the previous year. B. Mainly due to the decrease in operating income. C. Mainly due to better collections and reduced inventory, resulting in increased net cash inflow from operating activities. D. Mainly due to the increase in operating profits.								

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 2023 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. Chiang Shu Ching 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

2024 General Annual Meeting of EVERMORE CHEMICAL INDUSTRY CO, LTD.

Convener of Audit Committee: Chun-Cheng Chen

March 12, 2024

IV. Latest financial statements : please refer pages 127 to 173.

V. Latest entity financial statements audited and certified by CPAs : please refer pages 174 to 215.

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	2023	2022	Variance		Analysis on changes
			Amount	%	
Current assets	1,624,359	1,696,346	-71,987	-4.24%	
Property, plant and equipment	1,335,939	1,373,046	-37,107	-2.70%	
Other assets	337,371	319,450	17,921	5.61%	
Total assets	3,297,669	3,388,842	-91,173	-2.69%	
Current liabilities	1,441,640	1,438,502	3,138	0.22%	
Noncurrent liabilities	358,375	454,841	-96,466	-21.21%	(1)
Total liabilities	1,800,015	1,893,343	-93,328	-4.93%	
Capital	993,880	993,880	0	0.00%	
Capital surplus	98,017	98,017	0	0.00%	
Retained earnings	419,694	399,844	19,850	4.96%	
Other equity	-13,937	3,758	-17,695	-470.86%	(2)
Treasury stock	-	-	-	-	
Non-controlling equity	-	-	-	-	
Total equity	1,497,654	1,495,499	2,155	0.14%	
<p>1. Notes to cause of changes by more than 20%:</p> <p>(1) Caused by repayment of long-term borrowings.</p> <p>(2) Affected by the exchange rate, the exchange difference loss in the translation of financial statements of foreign operating institutions becomes larger.</p> <p>2. Effect: No significant effect was produced, as it was a normal condition.</p> <p>3. Measures to be taken in response: N/A.</p>					

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 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:

Unit: NTD thousand

Item	Year	2023	2022	Increase (decrease)	Change (%)	Analysis on changes
Operating revenue, net		\$2,367,512	\$2,957,191	-589,679	-19.94%	
Operating costs		(1,927,663)	(2,571,177)	643,514	-25.03%	(1)
Gross profit		439,849	386,014	53,835	13.95%	
Operating expenses		(348,314)	(389,307)	40,993	-10.53%	
Operating profit		91,535	(3,293)	94,828	-2,879.68%	(2)
Non-operating revenue and expenditure		568	46,515	-45,947	-98.78%	(3)
Net profits before tax		92,103	43,222	48,881	113.09%	(2)
Less: Income tax expenses		(16,888)	8,012	-8,876	110.78%	(2)
Net income		75,215	35,210	40,005	113.62%	(2)
Other comprehensive income		(17,695)	28,071	-45,766	-163.04%	(4)
Total comprehensive income		\$57,520	\$63,281	-5,761	-9.10%	
Net income attributed to the owner of parent company		\$75,215	\$35,210	40,005	113.62%	(2)
Comprehensive income attributed to the owner of parent company		\$57,520	\$63,281	-5,761	-9.10%	
<p>1. Notes to cause of changes by more than 20%:</p> <p>(1) Due to the decrease in sales volume and the decrease in raw materials.</p> <p>(2) The decline in revenue is lower than the decrease in costs and changes in product mix, resulting in an increase in gross profit; overdue payments are recovered, expected credit impairment losses are reduced, and operating profits increase compared to last year.</p> <p>(3) The net profit from foreign currency exchange in this period is less than last year.</p> <p>(4) Affected by exchange rate changes, the exchange difference in the translation of the financial statements of foreign operating institutions becomes larger, resulting in losses in other comprehensive profits and losses due to the exchange differences in the translation of financial statements of foreign operating institutions.</p> <p>2. 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</p>						

III. Cash flow

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

Year Item	2023	2022	Increase (decrease) (%)
Cash flow ratio (%)	31.69%	23.69%	33.77%
Cash flow adequacy ratio (%)	117.83%	80.83%	45.78%
Cash reinvestment ratio (%)	11.75%	9.79%	20.02%
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 2023 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 (2024)

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
372,784	425,575	(408,345)	390,014	—	—
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, add new production line, 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. The revenue decline in 2023 was slightly less than the cost, resulting in a Increase 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 : The company evaluates the market demand for green products in 2023 and increases investment in UV light curing product production equipment, which is expected to be completed in 2024.

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\$24,955 thousand dollar, accounting for 1.05% of the entire year's net revenue. Interest expenses slightly decreased compared to 2022. It is expected that the interest rate may rise in the next year, However, interest expense is expected to remain flat due to the reduction in borrowing amount. 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 7,799 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 2023, The Inflation or deflation in the domestic and export markets in 2023 led to a decrease in revenue, but did not have a significant impact on operating profits. 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 2.29 of the revenue.

(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:
According to the available information, no large-scale transfer or replacement of shares of major shareholders has been found to have an impact on 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.

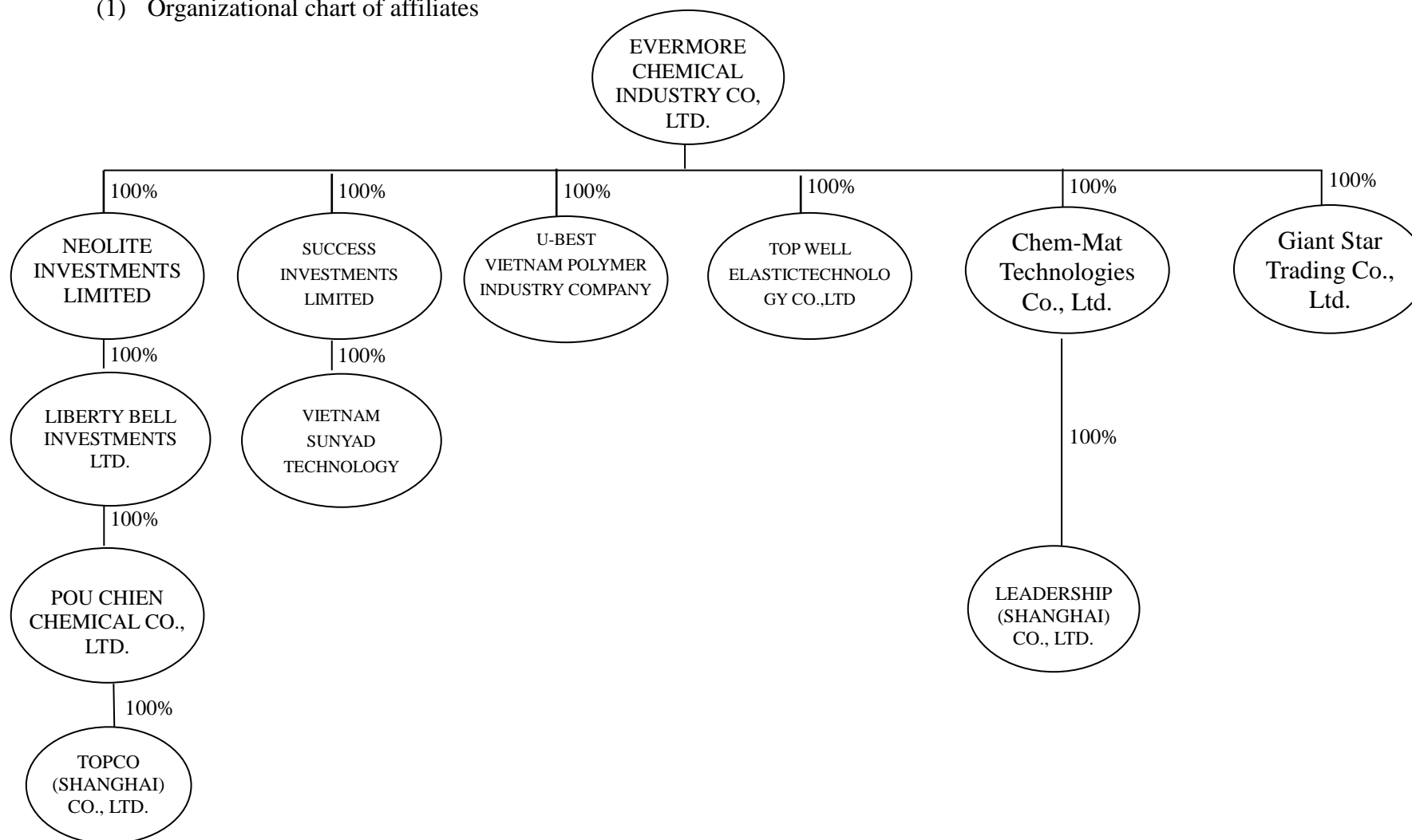
Eight. Special Disclosures

I. Information on Affiliates

(I) Profiles of affiliates

December 31, 2023

(1) Organizational chart of affiliates



(2) Basic information on affiliates

December 31, 2023 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
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
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

Name of Affiliated Enterprise	Date of Incorporation	Address	Paid-in capital	Scope of business/production
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%
NEOLITE INVESTMENTS LTD.	Director	EVERMORE CHEMICAL INDUSTRY CO, LTD.	NTD413,902 thousand	100%

Name of Affiliated Enterprise	Job title	Name or Representative	Shares held	
			Quantity of shares	Shareholding
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		
TOPCO (SHANGHAI) CO., LTD.	Chairman of Board	POU CHIEN CHEMICAL CO., LTD.- Corporate Representative: Yao Chi Wei	CNY8,053 thousand	100%
	Director	POU CHIEN CHEMICAL CO., LTD. - Corporate Representative: Su Chao-Jen		
	Director	POU CHIEN CHEMICAL CO., LTD. - Corporate Representative: Wu Pao Hua		
	Supervisor	POU CHIEN CHEMICAL CO., LTD. - Corporate Representative: Wang Chia-Hui		
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
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	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%
	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		
SUCCESS INVESTMENTS LTD.	Supervisor	EVERMORE CHEMICAL INDUSTRY CO, LTD. - Corporate representative: Wu Pao Hua		
	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	Operating Profits	Current income	Earnings per share (NT\$)
					(Net)		(After tax)	(After tax)
NEOLITE INVESTMENTS LTD.	413,902	598,857	1,922	596,935	-	-	38,252	-
LIBERTY BELL INVESTMENTS LTD.	673,073	598,090	-	598,090	-	(71)	38,246	-
POU CHIEN CHEMICAL CO., LTD.	512,818	689,053	92,067	596,986	694,889	33,181	38,304	-
CHEM-MAT TECHNOLOGIES CO., LTD. AND	72,000	145,696	26,346	119,350	68,182	1,992	(3,393)	-
GIANT STAR TRADING CO., LTD.	126,000	135,800	9,454	126,346	30,224	(2,970)	(1,295)	-
NEOTOP INVESTMENTS LTD.	-	-	-	-	-	(53)	(2,793)	-
TOPCO (SHANGHAI) CO., LTD.	38,922	83,404	5,008	78,396	41,856	(13,289)	(11,873)	-
LEADERSHIP (SHANGHAI) CO., LTD.	15,400	25,981	27,077	(1,096)	48,858	(5,758)	(5,805)	-
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	44,172	153,622	65,683	87,939	280,739	22,177	19,430	-
SUCCESS INVESTMENTS LTD.	148,174	51,349	-	51,349	-	-	(2,762)	-
VIETNAM SUNYAD TECHNOLOGY LIMITED	241,087	64,489	13,140	51,349	55,452	(1,956)	(2,762)	-
TOPWELL ELASTIC TECHNOLOGY CO., LTD.	76,679	96,544	81,628	14,916	132,110	7,912	4,479	-

Note 1: Foreign currency should be translated into NTD. The assets and liabilities are translated based on the foreign exchange rate-ending, NTD:USD=30.705:1 、NTD:CNY=4.327:1、NTD:THB =0.9017:1、NTD:VND=0.001266:1 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 2023 (from January 1, 2023 to December 31, 2023) 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 12, 2024

Qin-Zhong No. 11300443 on March 12, 2024

Addressee: EVERMORE CHEMICAL INDUSTRY CO, LTD.

Subject: Comments on the information given in your 2023 Affiliation Report free from any significant inconsistencies.

Remark:

You declared that your Affiliation Report for 2023 on March 12, 2024 (from January 1, 2023 to December 31, 2023) 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 2023 and found that there were no significant inconsistencies in said declaration.

Deloitte & Touche
Chiang Shu Ching CPA

Su Ding jian, CPA

Approval reference of the Financial Supervisory
Commission
Jin-Guan-Zheng-Shen-1000028068

Approval reference of the Financial Supervisory
Commission
SFB Shenzhi 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	\$149,045	10.08%	\$46,653	\$ -	T/T 60 天	\$ -	T/T in advance-T/T 120 天	—	\$ 19,524	5.40%	\$ -	—	\$ -	—
Purchase	3,342	0.36%	-	-	Month end 69 days	-	Month end 30-90 days	—	682	0.32%	-	—	-	—

(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 2023 (January 1 - December 31, 2023), 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 12, 2024

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, 2023 and 2022; 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, 2023 and 2022.

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, 2023 and 2022 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2023 and 2022.

Basis for Opinion

We are entrusted to conduct the 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 2023 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 2023 consolidated financial statements are hereby stated as follows:

Authenticity of revenue recognition for specific customers

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 2023, the amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the 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 2023 and 2022, 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 2023 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 Taiwan
CPA Shu-Ching Chiang

Su Ting-Chien, CPA

Approval reference of the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-1000028068

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

March 12, 2024

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022

Unit: NTD thousand

Code	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 372,784	11	\$ 215,148	6
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIV)	16,853	-	16,855	1
1150	Notes receivable (Notes IV and VIII)	150,539	5	278,809	8
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	397,825	12	412,679	12
1180	Accounts receivable due from related parties (Notes IV, IV, and XXIII)	44,216	1	37,284	1
1200	Other receivables (Note XXIII)	13,141	-	1,950	-
1220	Current tax assets (Notes IV and XIX)	199	-	2,691	-
130X	Inventories (Notes IV and IX)	578,164	18	680,911	20
1410	Prepayments	50,409	2	49,391	2
1479	Other current assets	<u>229</u>	<u>-</u>	<u>628</u>	<u>-</u>
11XX	Total current assets	<u>1,624,359</u>	<u>49</u>	<u>1,696,346</u>	<u>50</u>
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes IV, XI, and XXIV)	1,335,939	41	1,373,046	41
1755	Right-of-use assets (Notes IV, XII and XXIV)	194,215	6	206,047	6
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	10,499	-	11,351	-
1805	Goodwill (Notes IV and XIII)	41,524	1	43,708	1
1840	Deferred tax assets (Notes IV and XIX)	29,478	1	24,503	1
1915	Prepayments for equipment	57,811	2	31,580	1
1920	Refundable deposits	<u>2,837</u>	<u>-</u>	<u>1,254</u>	<u>-</u>
15XX	Total non-current assets	<u>1,673,310</u>	<u>51</u>	<u>1,692,496</u>	<u>50</u>
1XXX	TOTAL	<u>\$ 3,297,669</u>	<u>100</u>	<u>\$ 3,388,842</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes XIV and XXIV)	\$ 889,062	27	\$ 909,553	27
2110	Short term notes and bills payable (Note XXIV)	39,939	1	109,860	3
2150	Notes payable	3,436	-	25,427	1
2170	Accounts payable (Note XXIII)	261,270	8	205,193	6
2200	Other payables (Notes XV and XXIII)	120,857	4	108,185	3
2230	Current tax liabilities (Notes IV and XIX)	22,165	1	9,703	-
2280	Lease liabilities - current (Notes IV and XII)	3,911	-	3,866	-
2322	Long-term bank loans due within one year (Notes XIV and XXIV)	91,500	3	54,000	2
2399	Other current liabilities- Other	<u>9,500</u>	<u>-</u>	<u>12,715</u>	<u>1</u>
21XX	Total current liabilities	<u>1,441,640</u>	<u>44</u>	<u>1,438,502</u>	<u>43</u>
	NONCURRENT LIABILITIES				
2541	Short-term bank loans (Notes XIV and XXIV)	285,117	9	376,617	11
2570	Deferred tax liabilities (Notes IV and XIX)	43,100	1	44,148	1
2580	Lease liabilities - non-current (Notes IV and XII)	29,725	1	33,635	1
2645	Guarantee deposits	<u>433</u>	<u>-</u>	<u>441</u>	<u>-</u>
25XX	Total non-current liabilities	<u>358,375</u>	<u>11</u>	<u>454,841</u>	<u>13</u>
2XXX	Total liabilities	<u>1,800,015</u>	<u>55</u>	<u>1,893,343</u>	<u>56</u>
	EQUITY				
3110	Share capital from common stock	993,880	30	993,880	29
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	226,553	7	223,032	7
3320	Special reserve	-	-	24,313	1
3350	Undistributed earnings	193,141	6	152,499	4
3400	Other equity	<u>(13,937)</u>	<u>(1)</u>	<u>3,758</u>	<u>-</u>
3XXX	Total equity	<u>1,497,654</u>	<u>45</u>	<u>1,495,499</u>	<u>44</u>
	TOTAL	<u>\$ 3,297,669</u>	<u>100</u>	<u>\$ 3,388,842</u>	<u>100</u>

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, 2023 and 2022

Unit: NTD Thousand, Except Earnings Per Share

Code		2023		2022	
		Amount	%	Amount	%
4000	NET SALES REVENUES (Notes IV and XXIII)	\$ 2,367,512	100	\$ 2,957,191	100
5000	OPERATING COSTS (Notes IX, XVIII and XXIII)	<u>1,927,663</u>	<u>81</u>	<u>2,571,177</u>	<u>87</u>
5900	GROSS PROFIT	<u>439,849</u>	<u>19</u>	<u>386,014</u>	<u>13</u>
	OPERATING EXPENSES (Note XVIII)				
6100	Selling and marketing expenses	138,123	6	157,367	5
6200	Management expenses	168,901	7	149,807	5
6300	Research and development expenses	64,164	3	71,174	3
6450	Expected credit loss (gain) (Notes IV and VIII)	(<u>22,874</u>)	(<u>1</u>)	<u>10,959</u>	<u>-</u>
6000	Total operating expenses	<u>348,314</u>	<u>15</u>	<u>389,307</u>	<u>13</u>
6900	PROFIT (LOSS) FROM OPERATIONS	<u>91,535</u>	<u>4</u>	(<u>3,293</u>)	<u>-</u>
	NON-OPERATING REVENUE AND EXPENDITURE				
7010	Other income (Note XXIII)	14,992	1	33,723	1
7020	Other gains and losses	(4,490)	-	(1,450)	-
7100	Interest income	7,033	-	1,557	-
7210	Gains (Losses) from disposal of property, plant, and equipment	189	-	(543)	-
7230	Gain on foreign exchange, net	7,799	-	40,005	1
7510	Interest fees	(<u>24,955</u>)	(<u>1</u>)	(<u>26,777</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>568</u>	<u>-</u>	<u>46,515</u>	<u>1</u>
7900	NET PROFITS BEFORE TAX	92,103	4	43,222	1
7950	INCOME TAX EXPENSE (Notes IV and XIX)	<u>16,888</u>	<u>1</u>	<u>8,012</u>	<u>-</u>
8200	Net income	<u>75,215</u>	<u>3</u>	<u>35,210</u>	<u>1</u>

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Code		2023		2022	
		Amount	%	Amount	%
	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	(\$ 20,787)	(1)	\$ 34,709	1
8399	Income tax related to items that may be reclassified to profit or loss	<u>3,092</u>	<u>-</u>	(<u>6,638</u>)	<u>-</u>
8300	Other comprehensive income (loss) for the year, net income tax	(<u>17,695</u>)	(<u>1</u>)	<u>28,071</u>	<u>1</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 57,520</u>	<u>2</u>	<u>\$ 63,281</u>	<u>2</u>
	EARNINGS PER SHARE (Note XX)				
9750	Basic	<u>\$ 0.76</u>		<u>\$ 0.35</u>	
9850	Diluted	<u>\$ 0.75</u>		<u>\$ 0.35</u>	

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, 2023 and 2022

Unit: NTD thousand

		EQUITY						Total Equity
Code		Share capital from common stock	Capital Surplus	Retained Earnings (Note XVII)		Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations	
		(Note XVII)	(Note XVII)	Legal Reserve	Special Reserve			
A1	Balance on January 1, 2022	\$ 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,071</u>	<u>28,071</u>
D5	Total comprehensive income for 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,210</u>	<u>28,071</u>	<u>63,281</u>
Z1	Balance on December 31, 2022	993,880	98,017	223,032	24,313	152,499	3,758	1,495,499
	Earnings allocation and distribution for 2022							
B1	Statutory reserves	-	-	3,521	-	(3,521)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(49,694)	-	(49,694)
B17	Reversal of special reserve	-	-	-	(24,313)	24,313	-	-
M3	Reorganization	-	-	-	-	(5,671)	-	(5,671)
D1	2023 net profit	-	-	-	-	75,215	-	75,215
D3	Other comprehensive income after tax for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,695)</u>	<u>(17,695)</u>
D5	Total comprehensive income for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,215</u>	<u>(17,695)</u>	<u>57,520</u>
Z1	Balance on December 31, 2023	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 226,553</u>	<u>\$ -</u>	<u>\$ 193,141</u>	<u>(\$ 13,937)</u>	<u>\$ 1,497,654</u>

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, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	\$ 92,103	\$ 43,222
A20000	Adjustments for:		
A20100	Depreciation expense	108,352	104,083
A20200	Amortization expense	1,970	1,742
A20300	Expected credit loss (reversal)	(22,874)	10,959
A20900	Interest fees	24,955	26,777
A21200	Interest income	(7,033)	(1,557)
A22500	Loss (gain) on disposal of property, plant, and equipment	(189)	543
A23700	Loss for market price decline and obsolete and slow-moving inventories	225	11,439
A24100	Gain on foreign exchange, net	(858)	(5,719)
A29900	Losses on goodwill impairment	2,096	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	126,378	(90,119)
A31150	Accounts receivable	26,519	321,749
A31180	Other receivables	(11,278)	9,769
A31200	Inventories	98,040	68,804
A31230	Prepayments	(1,982)	2,302
A31240	Other current assets	399	226
A32130	Notes payable	(21,991)	(701)
A32150	Trade payables	58,658	(120,221)
A32180	Other payables	11,503	(6,909)
A32230	Other current liabilities	(3,215)	(1,679)
A33000	Cash generated from operations	481,778	374,710
A33100	Interest received	7,033	1,557
A33300	Interest paid	(24,300)	(25,594)
A33500	Income tax paid	(7,630)	(5,368)
AAAA	Net cash flow from operating activities	<u>456,881</u>	<u>345,305</u>

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Code		2023	2022
	CASH FLOW FROM INVESTING ACTIVITIES		
B02700	Payments for property, plant, and equipment	(\$ 43,098)	(\$ 48,003)
B02800	Proceeds from disposal of property, plant, and equipment	860	1,602
B03700	Increase in refundable deposits	(1,846)	(120)
B03800	Decrease in refundable deposits	227	151
B04500	Acquisition of intangible assets	(1,083)	(4,826)
B07100	Increase in prepayments for equipment	(41,302)	(43,447)
BBBB	Net cash used in investing activities	(86,242)	(94,643)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	6,343,201	6,796,580
C00200	Repayments of short-term borrowings	(6,319,577)	(7,031,361)
C00600	Net decrease in short-term notes and bills payable	(70,683)	(21,173)
C01700	Repayments of long-term borrowings	(54,000)	(56,500)
C04020	Payments of lease liabilities	(3,865)	(2,872)
C04500	Dividends paid to owners of the Company	(49,694)	-
C05700	Income tax paid for disposal of subsidiary	(5,671)	-
CCCC	Net cash flow used in financing activities	(160,289)	(315,326)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(52,714)	(3,658)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	157,636	(68,322)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	215,148	283,470
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 372,784	\$ 215,148

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, 2023 and 2022
(In NTD Thousand 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, 2023 and 2022, 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 12, 2024.

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 2024

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
IAS 7 and IFRS 7 Amendments "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

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.

Note 3: Certain requirements on the disclosure may be exempted at the time of the Company's first application of the amendments.

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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: Effective for the annual reporting period beginning on June 1, 2025 When the amendments are applied for the first time, the effect is recognized in the retained earnings on the date of the first-time application. When the consolidated entity adopts the non-functional currency as the presentation currency, the effects are adjusted into the exchange differences on translation of foreign financial statements under the equity title on the date of the first-time application.

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) Reclassification of the presentation

The management of the consolidated company was of the opinion that the restrictions on the use of repatriated funds for substantive investment and financial investment in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" did not change the nature of the deposits, the consolidated company could obtain such deposits upon request and it should be more advisable that the special account deposit was stated as cash and cash equivalents. Therefore, the presentation of the consolidated balance sheets and the consolidated statements of cash flow was changed in 2023. On December 31, 2023, December 31, 2022 and January 1, 2022, financial assets measured at amortized cost were reclassified into cash and cash equivalents with the carrying amounts, NT\$6,368 thousand, NT\$ 42,929 thousand and NT\$55,425 thousand, respectively. The impact of 2022 cash flow items is stated as follows:

	Adjustment
Net cash inflow from operating activities	\$ 4,404
Net cash outflow from investing activities	(16,900)
Decrease in cash and cash equivalents	(\$ 12,496)

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 income. 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 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.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

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 consolidated entity 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.

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.

(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 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 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 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.

In order to develop the important accounting estimates, the consolidated entity took into account the potential impact when estimating the cash flow, growth rate, discount rate and profitability. The management will review the estimates and underlying assumptions on an ongoing basis.

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 AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 2,302	\$ 1,869
Checking accounts and demand deposits	278,291	213,279
Cash equivalent		
Time deposits with original maturities of less than 3 months	92,191	-
	<u>\$ 372,784</u>	<u>\$ 215,148</u>

VII. Financial assets measured at amortized cost - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank time deposits with original maturities of more than 3 months	\$ 16,853	\$ 16,855
Rates of interest per annum (%)	1.1-5.1	1.33-3.60

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

VIII. Notes receivable and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 150,539	\$ 278,812
Less: Loss allowance	-	(3)
	<u>\$ 150,539</u>	<u>\$ 278,809</u>
<u>Trade receivables - unrelated parties</u>		
Measured by cost after amortization		
Total carrying amount	\$ 509,362	\$ 548,566
Less: Loss allowance	(111,537)	(135,887)
	<u>\$ 397,825</u>	<u>\$ 412,679</u>
<u>Accounts receivables - related parties</u>		
Measured by cost after amortization		
Total carrying amount	\$ 44,216	\$ 37,284
Less: Loss allowance	-	-
	<u>\$ 44,216</u>	<u>\$ 37,284</u>

(I) Notes receivable

The aging of notes receivable was as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 150,539	\$ 278,812
Past due	-	-
Total	<u>\$ 150,539</u>	<u>\$ 278,812</u>

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
<u>December 31, 2023</u>					
Expected credit loss rate (%)	0-1	1-3	5-100	100	
Total carrying amount	\$ 429,844	\$ 7,947	\$ 1,547	\$ 114,240	\$ 553,578
Allowance for loss (Expected credit loss during the period)	(1,616)	(239)	(232)	(109,450)	(111,537)
Amortized cost	<u>\$ 428,228</u>	<u>\$ 7,708</u>	<u>\$ 1,315</u>	<u>\$ 4,790</u>	<u>\$ 442,041</u>
<u>December 31, 2022</u>					
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	<u>\$ 426,941</u>	<u>\$ 22,408</u>	<u>\$ 614</u>	<u>\$ -</u>	<u>\$ 449,963</u>

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

	2023	2022
Balance at Beginning of Year	\$ 135,890	\$ 122,789
Impairment losses (reversals) of the current year	(22,874)	10,959
Actual write-offs for the current year	(13)	(589)
Foreign exchange gains and losses	(1,466)	2,731
Balance at End of Year	<u>\$ 111,537</u>	<u>\$ 135,890</u>

IX. Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 268,050	\$ 293,564
Raw materials and supplies	211,810	281,180
Merchandise	80,770	97,762
Inventories in transit	17,534	8,405
	<u>\$ 578,164</u>	<u>\$ 680,911</u>

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

	2023	2022
Cost of inventories sold	\$ 1,885,753	\$ 2,514,934
Inventory write-downs	225	11,439
Unallocated production overhead	39,391	36,560
Revenue from sale of scraps	(1,567)	(1,707)
Others	3,861	9,951
	<u>\$ 1,927,663</u>	<u>\$ 2,571,177</u>

X. SUBSIDIARIES

Subsidiary included in the consolidated financial statements:

Investor	Investee	% of Ownership	
		December 31, 2023	December 31, 2022
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
	NEOTOP INVESTMENTS LIMITED (NEOTOP)	-	100
CHEM-MAT	LEADERSHIP (SHANGHAI) CO., LTD (LEADERSHIP)	100	100
NEOTOP	TOPCO (SHANGHAI) CO., LTD (TOPCO)	-	100
NEOLITE	LIBERTY BELL INVESTMENTS LTD. (LIBERTY BELL)	100	100
LIBERTY BELL	BAOJIAN CHEMICAL CO.,LTD (BAOJIAN)	100	100
Dongguan Baojian Company	TOPCO	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.

In July 2023, Neotop transferred its 100% equity interest in TOPCO to Dongguan Baojian at the price of RMB20,250 thousand and thereby resulted in the income tax, RMB1,303 thousand, which should be directly recognized in equity. Meanwhile, it resolved to liquidate Neotop in November 2023, and the liquidation was completed in 2023.

XI. PROPERTY, PLANT, AND EQUIPMENT

2023	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
<u>Cost</u>						
Balance at Beginning of Year	\$ 732,646	\$ 826,019	\$ 1,253,904	\$ 28,423	\$ 347,726	\$ 3,188,718
Add	-	13,328	23,108	-	8,667	45,103
Disposal	-	-	(3,518)	(1,176)	(10,602)	(15,296)
Reclassified	-	6,354	7,061	-	1,656	15,071
Effects of Foreign Currency Exchange Differences	213	(6,107)	(7,040)	860	(83)	(12,157)
Balance at End of Year	<u>\$ 732,859</u>	<u>\$ 839,594</u>	<u>\$ 1,273,515</u>	<u>\$ 28,107</u>	<u>\$ 347,364</u>	<u>\$ 3,221,439</u>
<u>Accumulated depreciation</u>						
Balance at Beginning of Year	-	\$ 487,117	\$ 1,055,434	\$ 21,839	\$ 251,282	1,815,672
Add	-	28,631	45,042	2,388	22,139	98,200
Disposal	-	-	(3,412)	(1,176)	(10,037)	(14,625)
Effects of Foreign Currency Exchange Differences	-	(4,986)	(6,847)	(66)	(1,848)	(13,747)
Balance at End of Year	<u>\$ -</u>	<u>\$ 510,762</u>	<u>\$ 1,090,217</u>	<u>\$ 22,985</u>	<u>\$ 261,536</u>	<u>\$ 1,885,500</u>
Net end-of-year amount	<u>\$ 732,859</u>	<u>\$ 328,832</u>	<u>\$ 183,298</u>	<u>\$ 5,122</u>	<u>\$ 85,828</u>	<u>\$ 1,335,939</u>
2022						
<u>Cost</u>						
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	<u>\$ 732,646</u>	<u>\$ 826,019</u>	<u>\$ 1,253,904</u>	<u>\$ 28,423</u>	<u>\$ 347,726</u>	<u>\$ 3,188,718</u>
<u>Accumulated depreciation</u>						
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	<u>\$ -</u>	<u>\$ 487,117</u>	<u>\$ 1,055,434</u>	<u>\$ 21,839</u>	<u>\$ 251,282</u>	<u>\$ 1,815,672</u>
Net end-of-year amount	<u>\$ 732,646</u>	<u>\$ 338,902</u>	<u>\$ 198,470</u>	<u>\$ 6,584</u>	<u>\$ 96,444</u>	<u>\$ 1,373,046</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land	\$ 160,908	\$ 168,702
Building	<u>33,307</u>	<u>37,345</u>
	<u>\$ 194,215</u>	<u>\$ 206,047</u>
	<u>2023</u>	<u>2022</u>
Increases in right of use assets	<u>\$ -</u>	<u>\$ 40,373</u>
Depreciation expenses of right-of-use assets		
Land	\$ 6,114	\$ 5,917
Buildings	<u>4,038</u>	<u>3,028</u>
	<u>\$ 10,152</u>	<u>\$ 8,945</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 3,911</u>	<u>\$ 3,866</u>
Non-current asset	<u>\$ 29,725</u>	<u>\$ 33,635</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	1.14	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.

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

(IV) Other lease information

	2023	2022
Short-term lease expenses	\$ 5,088	\$ 4,899
Low-value asset lease expenses	\$ 283	\$ 380
Total cash outflow from rent	\$ 9,641	\$ 8,482

XIII. Goodwill

	2023	2022
Balance at Beginning of Year	\$ 43,708	\$ 40,715
Impairment losses recognized in the current year	(2,096)	-
Effects of Foreign Currency Exchange Differences	(88)	2,993
Balance at End of Year	\$ 41,524	\$ 43,708

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.

For the purpose of the impairment testing, the goodwill has been amortized to cash-generating units. The recoverable amount of the cash-generating unit is determined based on the value in use, and the cash flow estimate is based on the financial budget for the next 5 years approved by the management of the consolidated entity. The key assumptions used by the management in formulating the financial budget for the next 5 years are stated as follows:

1. Estimated operating revenue growth rate: Based on past experience, adjusted according to sales and market trends, and operating decisions related to the cash-generating unit.
2. Estimated gross profit on sales: Adjusted upward by the average gross profit on sales achieved before the budget period and subject to the expected improvement in efficiency. It reflects past experience, in addition to the improvement in efficiency.

Upon assessment, the recoverable amount of the U-BEST and TOPWELL cash-generating units was found greater than the carrying amount, so no impairment loss was recognized. The recoverable amount of the SUCCESS cash-generating units in 2023 was less than the carrying amount, so the goodwill impairment, NT\$2,096 thousand, was recognized and stated into other gains and losses. The recognition of such impairment loss resulted from the macro-environmental factors affecting SUCCESS. As a result, the actual operating revenue growth was lower than expected upon the consolidation.

XIV. Loans

(I) Short-term bank borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	\$ 513,429	\$ 370,201
Credit loans	359,950	529,500
Letter of credit loans	15,683	9,852
	\$ 889,062	\$ 909,553
<u>Rates of interest per annum (%)</u>		
Secured borrowings	1.80-5.01	1.73-3.90
Credit loans	1.80-1.90	1.66-2.44
Letter of credit loans	7.10-8.80	1.92-6.72

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

(II) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper	\$ 40,000	\$ 110,000
Less: Unamortized discounts on bills payable	(61)	(140)
	<u>\$ 39,939</u>	<u>\$ 109,860</u>
Interest Rates (%)	1.5	1.45-1.55

(III) Long-term bank borrowings

	December 31, 2023	December 31, 2022
Credit loans	\$ 280,000	\$ 280,000
Secured borrowings	<u>96,617</u>	<u>150,617</u>
	376,617	430,617
Less: Current portion	(91,500)	(54,000)
Long-term borrowings	<u>\$ 285,117</u>	<u>\$ 376,617</u>
<u>Rates of interest per annum (%)</u>		
Credit loans	1.15	1.05
Secured borrowings	1.94-2.03	1.81-1.91

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, 2023	December 31, 2022
Payable for salaries and bonuses	\$ 49,378	\$ 47,061
Payable for commissions and professional service fees	12,035	17,955
Payable for employee's compensation and remuneration of directors and supervisors	8,060	4,050
Payable for purchase of equipment	6,600	4,595
Payable for freight	5,435	5,016
Others	<u>39,349</u>	<u>29,508</u>
	<u>\$ 120,857</u>	<u>\$ 108,185</u>

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, 2023	December 31, 2022
Authorized shares (thousand shares)	<u>120,000</u>	<u>120,000</u>
Authorized capital stock	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Shares issued and received in full (In Thousands)	<u>99,388</u>	<u>99,388</u>
Issued share capital	<u>\$ 993,880</u>	<u>\$ 993,880</u>

(II) Capital surplus

	December 31, 2023	December 31, 2022
Issuance of common shares	\$ 70,860	\$ 70,860
Treasury share transactions	<u>27,157</u>	<u>27,157</u>
	<u>\$ 98,017</u>	<u>\$ 98,017</u>

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 conducted the annual general meetings in June 2023 and 2022, and passed the following 2022 and 2021 earnings distribution:

	Appropriation of Earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Statutory reserves	\$ 3,521	\$ 1,006		
Appropriation (reversal) of special reserve	(24,313)	12,689		
Cash dividend	49,694	-	\$ 0.5	\$ -

In March 2024, the Company's Board of Directors proposed the 2023 earnings distribution plan as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Statutory reserves	\$ 7,522	
Provision of special reserve	13,937	
Cash dividend	49,694	\$ 0.5

The earnings distribution plan for 2023 has yet to be resolved at the Annual General Meeting that is expected to be held in June 2024.

XVIII. NET PROFIT

(I) Depreciation and amortization

	2023	2022
Summarization of depreciation expenses by function		
Operating costs	\$ 71,526	\$ 66,746
Operating expenses	36,826	37,337
	<u>\$ 108,352</u>	<u>\$ 104,083</u>
Summarization of amortization expenses by function		
Operating costs	\$ 368	\$ 346
Operating expenses	1,602	1,396
	<u>\$ 1,970</u>	<u>\$ 1,742</u>

(II) Employee benefit expenses

	2023	2022
Short-term employee benefits	\$ 255,695	\$ 254,407
Retirement benefits		
Defined contribution plans	12,726	13,434
Other employee benefits	22,913	21,084
Total employee benefit expenses	<u>\$ 291,334</u>	<u>\$ 288,925</u>
Summarization by function		
Operating costs	\$ 133,584	\$ 134,817
Operating expenses	157,750	154,108
	<u>\$ 291,334</u>	<u>\$ 288,925</u>

(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 2023 and 2022 was resolved by the Board of Directors in March 2024 and 2023 as follows:

	2023	2022
Employees' compensation (5%)	\$ 4,975	\$ 2,353
Remuneration of directors and supervisors (2%)	1,990	941

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 2022 and 2021 and the amounts recognized in the consolidated financial statements for 2022 and 2021.

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. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	2023	2022
Current income tax		
In respect of the current year	\$ 24,961	\$ 10,658
Tax refund on repatriation of overseas funds	(2,210)	(2,293)
Adjustments for prior years	(39)	259
	22,712	8,624
Deferred tax		
In respect of the current year	(5,824)	(612)
Income tax expense recognized in profit or loss	<u>\$ 16,888</u>	<u>\$ 8,012</u>

The accounting income and income tax expenses are adjusted as follows:

	2023	2022
Income tax expense calculated at the statutory rate	\$ 18,419	\$ 8,644
Nondeductible expenses in determining taxable income	24,532	7,697
Not recognized income in determining taxable income	(25,939)	(5,727)
Effect of different tax rate of group entities operating in other jurisdictions	2,125	(568)
Tax refund on repatriation of overseas funds	(2,210)	(2,293)
Adjustments for prior years' tax	(39)	259
Income tax expense recognized in profit or loss	<u>\$ 16,888</u>	<u>\$ 8,012</u>

(II) Deferred tax assets and liabilities

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

2023	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-downs	\$ 3,165	\$ 1,473	\$ -	\$ 4,638
Exchange differences on translating the financial statements of foreign operations	3,531	-	(2,514)	1,017
Investment accounted for using the equity method	9,241	6,031	-	15,272

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2023	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
Allowance for losses	4,999	49	-	5,048
Others	<u>3,567</u>	<u>(64)</u>	<u>-</u>	<u>3,503</u>
	<u>\$24,503</u>	<u>\$7,489</u>	<u>(\$2,514)</u>	<u>\$29,478</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 37,238	\$ 2,946	\$ -	\$ 40,184
Exchange differences on translating the financial statements of foreign operations	5,629	-	(2,713)	2,916
Others	<u>1,281</u>	<u>(1,281)</u>	<u>-</u>	<u>-</u>
	<u>\$ 44,148</u>	<u>\$ 1,665</u>	<u>(\$ 2,713)</u>	<u>\$ 43,100</u>
<u>2022</u>				
<u>Deferred tax assets</u>				
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	<u>2,475</u>	<u>1,092</u>	<u>-</u>	<u>3,567</u>
	<u>\$ 31,834</u>	<u>(\$ 3,204)</u>	<u>(\$ 4,127)</u>	<u>\$ 24,503</u>
<u>Deferred tax liabilities</u>				
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	<u>27</u>	<u>1,254</u>	<u>-</u>	<u>1,281</u>
	<u>\$ 45,073</u>	<u>(\$ 3,816)</u>	<u>\$ 2,891</u>	<u>\$ 44,148</u>

(III) Income tax assessments

Income tax returns of the Company and Chen-Mat through 2019, and Giant Star through 2021 have been examined and cleared by the tax authorities.

XX. EARNINGS PER SHARE

	2023	Unit: NT\$ per share 2022
Basic earnings per share	<u>\$ 0.76</u>	<u>\$ 0.35</u>
Diluted earnings per share	<u>\$ 0.75</u>	<u>\$ 0.35</u>

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

Net income

	2023	2022
The net profit used to calculate the Earnings per Share	\$ 75,215	\$ 35,210
The net profit used to calculate the diluted Earnings per Share	\$ 75,215	\$ 35,210

Quantity of shares

	2023	2022
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	317	158
The weighted average number of common stocks used to calculate the diluted Earnings per Share	99,705	99,546

Unit: Thousand Shares

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 be 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 entity consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the consolidated entity (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 2023 and 2022, 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 and cash equivalents, 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 998,195	\$ 963,979
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,691,614	1,789,276

Note 1: Balances include financial assets measured at amortized cost including cash and cash equivalents, 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, borrowings and lease liabilities. 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 XXIX.

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	2023	2022
NTD:USD	\$ 2,066	\$ 2,127
CNY:USD	1,338	980
NTD:CNY	1,132	277
THB to USD	(412)	(611)

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, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	\$ 109,044	\$ 16,885
Financial liabilities	553,575	831,441
Cash flow interest rate risk		
Financial assets	278,253	213,219
Financial liabilities	785,679	656,090

Sensitivity analysis

For financial assets and liabilities of the consolidated entity with floating interest rates, when interest rates change by 0.25%, and other conditions remain unchanged, the consolidated entity's net profit before tax for 2023 and 2022 would change by NT\$1,269 thousand and NT\$1,107 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 consolidated entity is required to go through the credit confirmation procedure only after it has dealt with the approved third party, and the policy of the consolidated entity 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 consolidated entity 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, 2023 and 2022, the consolidated entity's unused bank financing lines were NT\$496,168 thousand and NT\$848,827 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
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 385,563	\$ 433	\$ -
Lease liabilities	4,270	17,078	13,876
Variable interest rate liabilities	743,062	42,617	-
Fixed interest rate liabilities	<u>277,439</u>	<u>242,500</u>	<u>-</u>
	<u>\$ 1,410,334</u>	<u>\$ 302,628</u>	<u>\$ 13,876</u>
<u>December 31, 2022</u>			
Non-interest bearing liabilities	\$ 338,805	\$ 441	\$ -
Lease liabilities	4,270	17,078	18,146
Variable interest rate liabilities	559,473	96,617	-
Fixed interest rate liabilities	<u>513,940</u>	<u>280,000</u>	<u>-</u>
	<u>\$ 1,416,488</u>	<u>\$ 394,136</u>	<u>\$ 18,146</u>

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		Related Party Category	
	Name of related party			
	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	
	TAIWAN AICA KOGYO CO., LTD.		Fellow subsidiary	
	Dynea (Guangdong) Co., Ltd. (Dynea)		Fellow subsidiary	
	Exeter New Materials (Guangdong) Co., Ltd. (Exeter)		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	2023	2022
	Sales	Parent company	\$ 149,045	\$ 119,681
		Other related parties	208,741	186,561
		Fellow subsidiary	16,543	11,655
			<u>\$ 374,329</u>	<u>\$ 317,897</u>
	Other revenue	Parent company	\$ 974	\$ 979
		Fellow subsidiary	209	-
			<u>\$ 1,183</u>	<u>\$ 979</u>

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.

	<u>Accounts</u>	<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
	Purchases of goods	Parent company	<u>\$ 9,388</u>	<u>\$ 7,938</u>

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:

	<u>Accounts</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Accounts receivable	Parent company	\$ 19,524	\$ 7,321
		Fellow subsidiary	2,968	2,344
		Other related parties	<u>21,724</u>	<u>27,619</u>
			<u>\$ 44,216</u>	<u>\$ 37,284</u>
	Other receivables	Fellow subsidiary	<u>\$ 251</u>	<u>\$ -</u>

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, 2023	December 31, 2022
Trade payables	Parent company	<u>\$ 2,197</u>	<u>\$ 1,927</u>
Other payables	Other related parties	<u>\$ 165</u>	<u>\$ 149</u>

(III) Payables to related parties

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

	2023	2022
Short-term employee benefits	\$ 12,683	\$ 11,447
Retirement benefits	<u>244</u>	<u>243</u>
	<u>\$ 12,927</u>	<u>\$ 11,690</u>

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, 2023	December 31, 2022
Property, plant and equipment	\$ 497,429	\$ 502,448
Right-of-use assets	-	15,615
Financial assets measured at amortized cost		
- current	<u>16,853</u>	<u>16,855</u>
	<u>\$ 514,282</u>	<u>\$ 534,918</u>

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, 2023 and 2022, the outstanding balances of letters of credit that had been opened were approximately US\$97 thousand and US\$300 thousand, respectively.
- (II) The consolidated company's unrecognized contractual commitments are stated as following:

	December 31, 2023	December 31, 2022
Payments for property, plant, and equipment	<u>\$ 22,771</u>	<u>\$ 36,300</u>

XXVI. The significant assets and liabilities denominated in foreign currencies

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

Financial assets	December 31, 2023		
	Foreign currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 8,801	30.705 (USD:NTD)	\$ 270,235
USD	5,900	7.096 (USD:CNY)	181,160
RMB	26,171	4.327 (CNY:NTD)	113,242

(Continued)

(Continued from previous page)

Financial assets	December 31, 2023		
	Foreign currency	Exchange Rate	Carrying Amount
Financial liabilities			
<u>Monetary items</u>			
USD	2,071	30.705 (USD:NTD)	63,590
USD	1,541	7.096 (USD:CNY)	47,316
USD	1,653	24,245 (USD:VND)	50,755
USD	1,343	34.0523 (USD:THB)	41,237

Financial assets	December 31, 2022		
	Foreign currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
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			
<u>Monetary items</u>			
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

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:

Functional currency	2023		2022	
	Functional currency converted to presentation currency	Net exchange losses (gains)	Functional currency converted to presentation currency	Net exchange losses (gains)
NTD	1 (NTD:NTD)	\$ 3,393	1 (NTD:NTD)	\$ 34,723
THB	0.9005 (THB:NTD)	154	0.856 (THB:NTD)	(4,495)
RMB	4.396 (CNY:NTD)	3,356	4.422 (CNY:NTD)	10,666
USD	31.155 (USD:NTD)	(929)	29.805 (USD:NTD)	349
VND	0.0013 (VND:NTD)	1,825	0.0013 (VND:NTD)	(1,238)
		<u>\$ 7,799</u>		<u>\$ 40,005</u>

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: Table 1.
 - (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 income from the consolidated company's continuing operations and its operating result is analyzed by the reportable department as follows:

	Segment Revenue		Segment Profit	
	2023	2022	2023	2022
Domestic operations	\$ 1,241,087	\$ 1,619,490	\$ 52,126	\$ 17,943
Asia operations	<u>1,126,425</u>	<u>1,337,701</u>	<u>39,409</u>	<u>(21,236)</u>
Total for continuing operations	<u>\$ 2,367,512</u>	<u>\$ 2,957,191</u>	91,535	(3,293)
Interest income			7,033	1,557
Gain on foreign exchange, net			7,799	40,005
Interest fees			(24,955)	(26,777)
Gains (Losses) from disposal of property, plant, and equipment			189	(543)
General income and benefits			14,992	33,723
General expenses and losses			(<u>4,490</u>)	(<u>1,450</u>)
Net profits before tax			<u>\$ 92,103</u>	<u>\$ 43,222</u>

Segment gains refers to the profits made by each department, excluding interest revenue, gains (losses) from disposal of property, plant and equipment, foreign exchange gains and losses, interest expenses, and income tax expenses recognized under the equity method. 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, 2023	December 31, 2022
Segment assets		
Domestic operations	\$ 2,228,827	\$ 2,209,326
Asia operations	1,016,142	1,095,229
Unallocated assets	<u>52,700</u>	<u>84,287</u>
Consolidated total assets	<u>\$ 3,297,669</u>	<u>\$ 3,388,842</u>
Segment liabilities		
Domestic operations	\$ 1,625,759	\$ 1,664,744
Asia operations	131,157	184,451
Unallocated liabilities	<u>43,100</u>	<u>44,148</u>
Consolidated total liabilities	<u>\$ 1,800,016</u>	<u>\$ 1,893,343</u>

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.

	2023	2022
PU synthetic resin	\$ 1,840,147	\$ 2,418,376
PE resin	107,841	161,954
Others	<u>419,524</u>	<u>376,861</u>
	<u>\$ 2,367,512</u>	<u>\$ 2,957,191</u>

(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.

	2023	2022
China (including Hong Kong)	\$ 651,003	\$ 1,512,442
Taiwan	869,047	588,996
Others	<u>847,462</u>	<u>855,753</u>
	<u>\$ 2,367,512</u>	<u>\$ 2,957,191</u>

(V) Information about major customers

In 2023 and 2022, no revenue from a single customer exceeded 10% of the consolidated entity's total revenue.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
FINANCING PROVIDED TO OTHERS
January 1 to December 31, 2023

Table 1 Unit: NTD Thousand 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	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	TOPWELL	Other receivables	Yes	\$ 19,455 (USD 634)	\$ 18,423 (USD 600)	\$ 12,856 (USD 419)	(Note III)	Necessary for short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 149,765 (Note 4)	\$ 599,061 (Note 4)	

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.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
January 1 to December 31, 2023

Table 2 Unit: NTD Thousand 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 year	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	TOPWELL	Refer to Note X of consolidated financial statements	\$ 748,827	\$ 16,213 (USD 500)	\$ 15,353 (USD 500)	\$ 15,353 (USD 500)	\$ 15,353 (USD 500)	1.03%	\$ 1,048,358	Y	—	—	
1	The Company	Dongguan Baojian Company	Refer to Note X of consolidated financial statements	748,827	275,613 (USD 8,500)	260,993 (USD 8,500)	-	-	17.43%	1,048,358	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, 2023

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	U-BEST	Subsidiary	(Sales)	(\$ 124,824)	(8)	T/T 90 days	Note	—	\$ 42,935	13	

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
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
January 1 to December 31, 2023

Table 4

Unit: NTD Thousand or Foreign Currencies)

Number	Trader	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Company	Dongguan Baojian Company	1	Accounts receivable	\$ 20,713	T/T 90 days	1
		Dongguan Baojian Company	1	Sales	58,280	T/T 90 days	2
		U-BEST	1	Accounts receivable	42,935	T/T 90 days	1
		U-BEST	1	Sales	124,824	T/T 90 days	5
		TOPWELL	1	Accounts receivable	30,567	T/T 90 days	1
		TOPWELL	1	Sales	91,311	T/T 90 days	4
		LEADERSHIP SHANGHAI	1	Accounts receivable	26,791	T/T 210 days	1
1	CHEM-MAT	LEADERSHIP SHANGHAI	1	Sales	42,707	T/T 210 days	2
2	U-BEST	SUN YAD	2	Accounts receivable	12,002	T/T 90 days	1
		SUN YAD	2	Sales	49,872	T/T 90 days	2
3	Dongguan Baojian Company	U-BEST	2	Accounts receivable	15,814	T/T 90 days	1
		U-BEST	2	Sales	60,187	T/T 90 days	3

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 INVESTEEES
January 1 to December 31, 2023

Table 5

Unit: NTD Thousand or Foreign Currencies/Thousands of Shares

Investor	Investee company name	Location	Main business items	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)
				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	\$ 594,157	\$ 38,252	\$ 37,117
	Giant Star Trading Co.	Taichung City	Trading of chemical raw materials	97,367	97,367	12,600	100	126,340	(1,295)	(1,295)
	CHEM-MAT	Nantou County	Wholesale of coating, pigments, and industrial catalyst	111,484	111,484	7,199	100	117,833	(3,393)	(2,407)
	U-BEST	Vietnam	Production and sales of PU resin and adhesives	132,314	132,314	-	100	155,320	19,430	17,081
	TOPWELL	Thailand	Synthetic resin trading business	76,201	76,201	8,000	100	40,944	4,479	4,701
	SUCCESS	Samoa	Financial investment and international trade	185,064	185,064	5,000	100	154,123	(2,762)	(9,760)
Giant Star Trading Co.	NEOTOP	Samoa	Financial investment and international trade	-	58,800	-	100	-	(2,793)	(Note)
NEOLITE	LIBERTY BELL	British Virgin Islands	Financial investment and international trade	563,243	563,243	21,000	100	598,090	38,246	(Note)
SUCCESS	SUNYAD	Vietnam	Manufacturing and sales of PU synthetic leather products	185,064	185,064	-	100	51,349	(2,762) (USD 90)	(Note)

Note: Not applicable.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
Investments in Mainland China
January 1 to December 31, 2023

Table 6

Unit: NTD Thousand 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 as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019(Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018
					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	\$ 38,304 CNY 8,719	100%	\$ 38,304 CNY 8,719	\$ 596,986 CNY 137,968	\$ -
TOPCO	Wholesale of chemical products	38,922 CNY 8,053	(Note 1)	26,450 USD 820	-	-	26,450 USD 820	(11,901) (CNY 2,710)	100%	(11,901) (CNY 2,710)	78,396 CNY 18,118	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	(5,805) (CNY 1,328)	100%	(5,805) (CNY 1,328)	(1,096) (CNY 253)	-

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, 2023

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, 2023 and 2022, 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, 2023 and 2022, 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 are entrusted to conduct the 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 2023. 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 2023 parent company only financial statements are stated as follows:

Authenticity of revenue recognition for specific customers

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 2023, the amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the 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 2023 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 Taiwan
CPA Shu-Ching Chiang

Su Ting-Chien, CPA

Approval reference of the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-1000028068

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

March 12, 2024

Evermore Chemical Industry Co., Ltd.
BALANCE SHEETS
December 31, 2023 and 2022

Unit: NTD thousand

Code	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 52,757	2	\$ 85,540	3
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIII)	16,853	-	16,855	1
1150	Notes receivable (Notes IV, VIII, and XXII)	55,865	2	67,851	2
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	188,347	6	164,182	5
1180	Accounts receivable due from related parties (Notes IV, VIII, and XXII)	117,228	4	102,575	3
1200	Other receivables (Note XXII)	24,055	1	5,664	-
1220	Current tax assets (Notes IV and XVIII)	-	-	2,691	-
1300	Inventories (Notes IV and IX)	284,077	9	356,545	11
1479	Other current assets	<u>6,754</u>	<u>-</u>	<u>7,504</u>	<u>1</u>
11XX	Total current assets	<u>745,936</u>	<u>24</u>	<u>809,407</u>	<u>26</u>
	NON-CURRENT ASSETS				
1550	Investment accounted for using the equity method (Notes IV and X)	1,188,717	38	1,167,342	37
1600	Property, plant, and equipment (Notes IV, XI, and XXIII)	1,087,670	34	1,107,538	35
1755	Right-of-use assets (Notes IV and XXII)	33,307	1	37,345	1
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	5,334	-	5,999	-
1840	Deferred tax assets (Notes IV and XVIII)	24,940	1	17,975	-
1915	Prepayments for equipment	57,811	2	26,079	1
1920	Refundable deposits	<u>852</u>	<u>-</u>	<u>909</u>	<u>-</u>
15XX	Total non-current assets	<u>2,399,638</u>	<u>76</u>	<u>2,364,194</u>	<u>74</u>
1XXX	TOTAL	<u>\$ 3,145,574</u>	<u>100</u>	<u>\$ 3,173,601</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes XIII and XXIII)	\$ 842,683	27	\$ 809,852	26
2110	Short-term bills payable (Note XIII)	39,939	1	109,860	4
2150	Notes payable	3,066	-	4,338	-
2170	Accounts payable (Note XXII)	210,062	7	164,552	5
2200	Other payables (Notes XIV and XXII)	72,855	2	67,911	2
2230	Current tax liabilities (Notes IV and XVIII)	17,635	1	8,280	-
2280	Lease liabilities - current (Notes IV and XII)	3,911	-	3,866	-
2322	Long-term borrowings due within one year (Notes XIII and XXIII)	91,500	3	54,000	2
2399	Other current liabilities- Other	<u>8,351</u>	<u>-</u>	<u>10,608</u>	<u>-</u>
21XX	Total current liabilities	<u>1,290,002</u>	<u>41</u>	<u>1,233,267</u>	<u>39</u>
	NONCURRENT LIABILITIES				
2541	Long-term borrowings (Notes XIII and XXIII)	285,117	9	376,617	12
2570	Deferred tax liabilities (Notes IV and XVIII)	43,076	1	34,583	1
2580	Lease liabilities - non-current (Notes IV and XII)	<u>29,725</u>	<u>1</u>	<u>33,635</u>	<u>1</u>
25XX	Total non-current liabilities	<u>357,918</u>	<u>11</u>	<u>444,835</u>	<u>14</u>
2XXX	Total liabilities	<u>1,647,920</u>	<u>52</u>	<u>1,678,102</u>	<u>53</u>
	EQUITY				
3110	Share capital from common stock	993,880	32	993,880	31
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	226,553	7	223,032	7
3320	Special reserve	-	-	24,313	1
3350	Undistributed earnings	193,141	6	152,499	5
3400	Other equity	<u>(13,937)</u>	<u>-</u>	<u>3,758</u>	<u>-</u>
3XXX	Total equity	<u>1,497,654</u>	<u>48</u>	<u>1,495,499</u>	<u>47</u>
	TOTAL	<u>\$ 3,145,574</u>	<u>100</u>	<u>\$ 3,173,601</u>	<u>100</u>

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, 2023 and 2022

Unit: NTD Thousand, Except Earnings Per Share

Code		2023		2022	
		Amount	%	Amount	%
4000	NET SALES REVENUES (Notes IV and XXII)	\$ 1,478,090	100	\$ 1,882,582	100
5000	OPERATING COSTS (Notes IX, XVII and XXII)	<u>1,258,453</u>	<u>85</u>	<u>1,679,993</u>	<u>89</u>
5900	GROSS PROFIT	219,637	15	202,589	11
5910	UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	(1,770)	-	(4,166)	-
5920	REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	<u>4,166</u>	<u>-</u>	<u>1,840</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>222,033</u>	<u>15</u>	<u>200,263</u>	<u>11</u>
	OPERATING EXPENSES (Note XVII)				
6100	Selling and marketing expenses	53,346	3	68,710	4
6200	Management expenses	70,221	5	66,613	4
6300	Research and development expenses	42,557	3	47,730	2
6450	Expected credit impairment loss (gain on reversal) (Notes IV and VIII)	<u>501</u>	<u>-</u>	(<u>2,696</u>)	<u>-</u>
6000	Total operating expenses	<u>166,625</u>	<u>11</u>	<u>180,357</u>	<u>10</u>
6900	OPERATING PROFIT	<u>55,408</u>	<u>4</u>	<u>19,906</u>	<u>1</u>
	NON-OPERATING REVENUE AND EXPENDITURE				
7010	Other income (Note XXII)	8,724	1	10,750	-
7020	Other gains and losses	(711)	-	(560)	-
7100	Interest income (Note XXII)	3,153	-	1,240	-
7230	Gain on foreign exchange, net	2,904	-	33,733	2

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Code		2023		2022	
		Amount	%	Amount	%
7510	Interest fees	(\$ 22,376)	(2)	(\$ 19,080)	(1)
7375	Share of gains (losses) of subsidiaries and affiliates using the equity method (Note IV)	45,437	3	(2,226)	-
7000	Total non-operating income and expenses	37,131	2	23,857	1
7900	NET PROFITS BEFORE TAX	92,539	6	43,763	2
7950	INCOME TAX EXPENSE (Notes IV and XVIII)	17,324	1	8,553	-
8200	NET INCOME	75,215	5	35,210	2
	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	(20,787)	(1)	34,709	2
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note XVIII)	3,092	-	(6,638)	(1)
8300	Other comprehensive income (loss) for the year, net income tax	(17,695)	(1)	28,071	1
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 57,520	4	\$ 63,281	3
	EARNINGS PER SHARE (Note XIX)				
9750	Basic	\$ 0.76		\$ 0.35	
9850	Diluted	\$ 0.75		\$ 0.35	

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, 2023 and 2022

Unit: NTD thousand

Code		Ordinary Shares	Capital Surplus	Retained earnings (Note XVI)			Exchange differences on translating the financial statements of foreign operations	Total Equity
		(Note XVI)	(Note XVI)	Statutory reserve	Special Reserve	Unappropriated Earnings	(\$ 24,313)	\$ 1,432,218
A1	Balance on January 1, 2022	\$ 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,071</u>	<u>28,071</u>
D5	Total comprehensive income for 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,210</u>	<u>28,071</u>	<u>63,281</u>
Z1	Balance on December 31, 2022	993,880	98,017	223,032	24,313	152,499	3,758	1,495,499
	Earnings allocation and distribution for 2022							
B1	Statutory reserves	-	-	3,521	-	(3,521)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(49,694)	-	(49,694)
B17	Reversal of special reserve	-	-	-	(24,313)	24,313	-	-
M3	Reorganization	-	-	-	-	(5,671)	-	(5,671)
D1	2023 net profit	-	-	-	-	75,215	-	75,215
D3	Other comprehensive income after tax for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,695)</u>	<u>(17,695)</u>
D5	Total comprehensive income for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,215</u>	<u>(17,695)</u>	<u>57,520</u>
Z1	Balance on December 31, 2023	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 226,553</u>	<u>\$ -</u>	<u>\$ 193,141</u>	<u>(\$ 13,937)</u>	<u>\$ 1,497,654</u>

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, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	\$ 92,539	\$ 43,763
A20000	Adjustments for:		
A20100	Depreciation expense	71,647	67,109
A20200	Amortization expense	1,514	1,317
A20300	Expected credit loss (reversal)	501	(2,696)
A20900	Interest fees	22,376	19,080
A21200	Interest income	(3,153)	(1,240)
A22300	Share of gains (losses) of subsidiaries and affiliates using the equity method	(45,437)	2,226
A22500	Loss on disposal and scrapping of property, plant, and equipment	5	9
A23800	Losses on (Gains on reversal of) market price decline and obsolete and slow-moving inventories	(2,037)	11,076
A23900	Unrealized (realized) profit from subsidiaries	(2,396)	2,326
A24100	Foreign exchange losses (gains)	3,591	(5,029)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,986	30,766
A31150	Accounts receivable	(44,320)	118,278
A31180	Other receivables	(5,148)	1,517
A31200	Inventories	74,505	31,491
A31240	Other current assets	750	11,285
A32130	Notes payable	(1,272)	(21,505)
A32150	Trade payables	46,484	(108,515)
A32180	Other payables	6,083	8,073
A32230	Other current liabilities	(2,257)	(1,031)
A33000	Cash generated from operations	225,961	208,300
A33100	Interest received	3,125	1,214
A33300	Interest paid	(21,717)	(17,904)
A33500	Income tax refunded (paid)	(657)	2,181
AAAA	Net cash flow from operating activities	<u>206,712</u>	<u>193,791</u>

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Code		2023	2022
	CASH FLOW FROM INVESTING ACTIVITIES		
B01800	Investments acquired and accounted for using equity method	\$ -	(\$ 29,814)
B02700	Payments for property, plant, and equipment	(33,690)	(42,058)
B02800	Proceeds from disposal of property, plant, and equipment	1	36
B03700	Increase in refundable deposits	-	(120)
B03800	Decrease in refundable deposits	57	105
B04300	Decrease (increase) in other receivables from related parties	(13,143)	13,909
B04500	Acquisition of intangible assets	(849)	(4,826)
B07100	Increase in prepayments for equipment	(46,803)	(37,946)
B07600	Dividends received from subsidiaries	-	30,044
BBBB	Net cash used in investing activities	(<u>94,427</u>)	(<u>70,670</u>)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	6,165,950	6,435,916
C00200	Repayments of short-term borrowings	(6,132,776)	(6,529,000)
C00600	Net decrease in short-term notes and bills payable	(70,683)	(21,173)
C01700	Repayments of long-term borrowings	(54,000)	(56,500)
C04020	Payments of lease liabilities	(3,865)	(2,872)
C04500	Dividends paid to owners of the Company	(<u>49,694</u>)	-
CCCC	Net cash flow used in financing activities	(<u>145,068</u>)	(<u>173,629</u>)
EEEE	Decrease in cash and cash equivalents	(32,783)	(50,508)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>85,540</u>	<u>136,048</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 52,757</u>	<u>\$ 85,540</u>

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, 2023 and 2022
(In NTD Thousand 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, 2023 and 2022, 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 12, 2024.

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 2024

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
IAS 7 and IFRS 7 Amendments "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

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.

Note 3: Certain requirements on the disclosure may be exempted at the time of the Company's first application of the amendments.

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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: Effective for the annual reporting period beginning on June 1, 2025 When the amendments are applied for the first time, the effect is recognized in the retained earnings on the date of the first-time application. When the Company adopts the non-functional currency as the presentation currency, the effects are adjusted into the exchange differences on translation of foreign financial statements under the equity title on the date of the first-time application.

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) Reclassification of the presentation

The management of the Company was of the opinion that the restrictions on the use of repatriated funds for substantive investment and financial investment in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" did not change the nature of the deposits, the Company could obtain such deposits upon request and it should be more advisable that the special account deposit was stated as cash and cash equivalents. Therefore, the presentation of the balance sheet and the statement of cash flow was changed in 2023. On December 31, 2023, December 31, 2022 and January 1, 2022, financial assets measured at amortized cost were reclassified into cash and cash equivalents with the carrying amounts, NT\$6,368 thousand, NT\$ 42,929 thousand and NT\$55,425 thousand, respectively. The impact of 2022 cash flow items is stated as follows:

	Adjustment
Net cash inflow from operating activities	\$ 4,404
Net cash outflow from investing activities	(16,900)
Decrease in cash and cash equivalents	(\$ 12,496)

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 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) 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.

The unrealized profits and losses are eliminated in the individual financial report for downstream transactions between the Company and its subsidiaries. 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 income. Such properties are classified to the appropriate categories of property, plant, and equipment when completed and ready for intended use and depreciated accordingly.

Property, plant and equipment shall be depreciated on a straight-line basis within the service life of each significant component. 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 adjusted to the revised recoverable amount. However, the increased carrying amount should not exceed the carrying amount determined when the asset or cash-generating unit had not recognized the impairment loss in the previous year (minus amortization or depreciation). 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.

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 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.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

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.

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

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 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.

In order to develop the important accounting estimates, the Company took into account the potential impact when estimating the cash flow, growth rate, discount rate and profitability. The management will review the estimates and underlying assumptions on an ongoing basis.

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 AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 40	\$ 40
Checking accounts and demand deposits	49,633	85,500
Cash equivalent		
Time deposits with original maturities of less than 3 months	3,084	-
	<u>\$ 52,757</u>	<u>\$ 85,540</u>

VII. Financial assets measured at amortized cost - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank time deposits with original maturities of more than 3 months	\$ 16,853	\$ 16,855
Rates of interest per annum (%)	1.58-5.1	1.33-3.60

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

VIII. Notes receivable and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 55,865	\$ 67,851
Less: Loss allowance	-	-
	<u>\$ 55,865</u>	<u>\$ 67,851</u>
<u>Trade receivables - unrelated parties</u>		
Measured by cost after amortization		
Total carrying amount	\$ 217,360	\$ 192,694
Less: Loss allowance	(29,013)	(28,512)
	<u>\$ 188,347</u>	<u>\$ 164,182</u>
<u>Accounts receivables - related parties</u>		
Measured by cost after amortization		
Total carrying amount	\$ 117,228	\$ 102,575
Less: Loss allowance	-	-
	<u>\$ 117,228</u>	<u>\$ 102,575</u>

(I) Notes receivable

The aging of notes receivable was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 55,865	\$ 67,851
Past due	-	-
Total	<u>\$ 55,865</u>	<u>\$ 67,851</u>

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
<u>December 31, 2023</u>					
Expected credit loss rate (%)	0.15	2	50	100	
Total carrying amount	\$ 304,344	\$ 1,721	\$ -	\$ 28,523	\$ 334,588
Allowance for loss (Expected credit loss during the period)	(456)	(34)	-	(28,523)	(29,013)
Amortized cost	<u>\$ 303,888</u>	<u>\$ 1,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,575</u>
<u>December 31, 2022</u>					
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	<u>\$ 237,260</u>	<u>\$ 5,236</u>	<u>\$ 24,261</u>	<u>\$ -</u>	<u>\$ 266,757</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance at Beginning of Year	\$ 28,512	\$ 31,208
Impairment losses (reversals) of the current year	501	(2,696)
Balance at End of Year	<u>\$ 29,013</u>	<u>\$ 28,512</u>

IX. Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 173,098	\$ 186,334
Raw materials and supplies	110,798	167,957
Merchandise	<u>181</u>	<u>2,254</u>
	<u>\$ 284,077</u>	<u>\$ 356,545</u>

The nature of the cost of goods sold is stated as follows:

	2023	2022
Cost of inventories sold	\$ 1,228,492	\$ 1,633,896
Inventory devaluation (or reversal gains)	(2,037)	11,076
Unallocated production overhead	31,594	28,401
Revenue from sale of scraps	(1,525)	(1,646)
Others	1,929	8,266
	<u>\$ 1,258,453</u>	<u>\$ 1,679,993</u>

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, 2023		December 31, 2022	
Investments in subsidiaries	\$	<u>1,188,717</u>	\$	<u>1,167,342</u>

	December 31, 2023		December 31, 2022	
Investee company name	Amount	Shareholding	Amount	Shareholding
<u>Unlisted Companies</u>				
NEOLITE INVESTMENTS LIMITED (NEOLITE)	\$ 594,157	100%	\$ 569,480	100%
SUCCESS INVESTMENTS LIMITED (SUCCESS)	154,123	100%	163,827	100%
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED (U-BEST)	155,320	100%	142,841	100%
GIANT STAR TRADING CO., LTD (Giant Star Trading Co.)	126,340	100%	135,410	100%
CHEM-MAT TECHNOLOGIES CO., LTD (CHEM-MAT)	117,833	100%	119,763	100%
TOPWELL ELASTIC TECHNOLOGY CO., LTD. (TOPWELL)	<u>40,944</u>	100%	<u>36,021</u>	100%
	<u>\$ 1,188,717</u>		<u>\$ 1,167,342</u>	

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 investments in subsidiaries and associates accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were based on the subsidiaries and associates financial statements which have been audited for the same years.

XI. PROPERTY, PLANT, AND EQUIPMENT

2023	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
<u>Cost</u>						
Balance at Beginning of Year	\$ 661,263	\$ 364,851	\$ 857,333	\$ 11,303	\$ 237,439	\$ 2,132,189
Add	-	12,843	12,935	-	6,898	32,676
Disposal	-	-	(2,299)	-	(4,248)	(6,547)
Reclassified	-	6,354	7,061	-	1,656	15,071
Balance at End of Year	<u>\$ 661,263</u>	<u>\$ 384,048</u>	<u>\$ 875,030</u>	<u>\$ 11,303</u>	<u>\$ 241,745</u>	<u>\$ 2,173,389</u>
<u>Accumulated depreciation</u>						
Balance at Beginning of Year	\$ -	\$ 166,892	\$ 686,158	\$ 10,400	\$ 161,201	\$ 1,024,651
Add	-	14,766	35,536	571	16,736	67,609
Disposal	-	-	(2,299)	-	(4,242)	(6,541)
Balance at End of Year	<u>\$ -</u>	<u>\$ 181,658</u>	<u>\$ 719,395</u>	<u>\$ 10,971</u>	<u>\$ 173,695</u>	<u>\$ 1,085,719</u>
Net end-of-year amount	<u>\$ 661,263</u>	<u>\$ 202,390</u>	<u>\$ 155,635</u>	<u>\$ 332</u>	<u>\$ 68,050</u>	<u>\$ 1,087,670</u>
2022						
<u>Cost</u>						
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	<u>\$ 661,263</u>	<u>\$ 364,851</u>	<u>\$ 857,333</u>	<u>\$ 11,303</u>	<u>\$ 237,439</u>	<u>\$ 2,132,189</u>
<u>Accumulated depreciation</u>						
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	<u>\$ -</u>	<u>\$ 166,892</u>	<u>\$ 686,158</u>	<u>\$ 10,400</u>	<u>\$ 161,201</u>	<u>\$ 1,024,651</u>
Net end-of-year amount	<u>\$ 661,263</u>	<u>\$ 197,959</u>	<u>\$ 171,175</u>	<u>\$ 903</u>	<u>\$ 76,238</u>	<u>\$ 1,107,538</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Building	<u>\$ 33,307</u>	<u>\$ 37,345</u>
	<u>2023</u>	<u>2022</u>
Increases in right of use assets	<u>\$ -</u>	<u>\$ 40,373</u>
Depreciation expenses of right-of-use assets		
Building	<u>\$ 4,038</u>	<u>\$ 3,028</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 3,911</u>	<u>\$ 3,866</u>
Non-current asset	<u>\$ 29,725</u>	<u>\$ 33,635</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	1.14	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

	<u>2023</u>	<u>2022</u>
Low-value asset lease expenses	<u>\$ 34</u>	<u>\$ 128</u>
Total cash outflow from rent	<u>\$ 4,304</u>	<u>\$ 3,331</u>

XIII. BORROWINGS

(I) Short-term bank borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit loans	\$ 350,000	\$ 510,000
Secured borrowings	477,000	290,000
Letter of credit loans	<u>15,683</u>	<u>9,852</u>
	<u>\$ 842,683</u>	<u>\$ 809,852</u>
<u>Rates of interest per annum (%)</u>		
Credit loans	1.80-1.86	1.66-1.91
Secured borrowings	1.80-1.85	1.73-1.94
Letter of credit loans	7.10-8.80	1.92-6.72

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, 2023	December 31, 2022
Commercial paper	\$ 40,000	\$ 110,000
Less: Unamortized discounts on bills payable	(61)	(140)
	<u>\$ 39,939</u>	<u>\$ 109,860</u>
Interest Rates (%)	1.5	1.45-1.55

(III) Long-term bank borrowings

	December 31, 2023	December 31, 2022
Credit loans	\$ 280,000	\$ 280,000
Secured borrowings	<u>96,617</u>	<u>150,617</u>
	376,617	430,617
Less: Current portion	(91,500)	(54,000)
Long-term borrowings	<u>\$ 285,117</u>	<u>\$ 376,617</u>
<u>Rates of interest per annum (%)</u>		
Credit loans	1.15	1.05
Secured borrowings	1.94-2.03	1.81-1.91

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, 2023	December 31, 2022
Payable for salaries and bonuses	\$ 33,288	\$ 33,347
Payable for employee's compensation and remuneration of directors and supervisors	7,458	3,294
Payable for commissions and professional service fees	5,429	9,191
Payable for freight	2,149	1,974
Payable for purchase of equipment	1,341	2,355
Others	<u>23,190</u>	<u>17,750</u>
	<u>\$ 72,855</u>	<u>\$ 67,911</u>

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, 2023	December 31, 2022
Authorized shares (thousand shares)	<u>120,000</u>	<u>120,000</u>
Authorized capital stock	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Shares issued and received in full (In Thousands)	<u>99,388</u>	<u>99,388</u>
Issued share capital	<u>\$ 993,880</u>	<u>\$ 993,880</u>

(II) Capital surplus

	December 31, 2023	December 31, 2022
Issuance of common shares	\$ 70,860	\$ 70,860
Treasury share transactions	<u>27,157</u>	<u>27,157</u>
	<u>\$ 98,017</u>	<u>\$ 98,017</u>

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 legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal 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 conducted the annual general meetings in June 2023 and 2022, and passed the following 2022 and 2021 earnings distribution:

	Appropriation of Earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Statutory reserves	\$ 3,521	\$ 1,006		
Appropriation (reversal) of special reserve	(24,313)	12,689		
Cash dividend	49,694	-	\$ 0.5	\$ -

In March 2024, the Company's Board of Directors proposed the 2023 earnings distribution plan as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Statutory reserves	\$ 7,522	
Provision of special reserve	13,937	
Cash dividend	49,694	\$ 0.5

The earnings distribution plan for 2023 has yet to be resolved at the Annual General Meeting that is expected to be held in June 2024.

XVII. NET PROFIT

(I) Depreciation and amortization

	2023	2022
Summarization of depreciation expenses by function		
Operating costs	\$ 55,628	\$ 49,539
Operating expenses	<u>16,019</u>	<u>17,570</u>
	<u>\$ 71,647</u>	<u>\$ 67,109</u>
Summarization of amortization expenses by function		
Operating costs	\$ 361	\$ 346
Operating expenses	<u>1,153</u>	<u>971</u>
	<u>\$ 1,514</u>	<u>\$ 1,317</u>

(II) Employee benefit expenses

	2023	2022
Short-term employee benefits		
Salary	\$ 160,310	\$ 159,910
Health and labor insurance	14,934	14,782
Retirement benefits		
Defined contribution plans	6,879	7,099
Remuneration to directors	5,020	3,971
Other employee benefits	<u>7,299</u>	<u>7,956</u>
Total employee benefit expenses	<u>\$ 194,442</u>	<u>\$ 193,718</u>
Summarization by function		
Operating costs	\$ 109,064	\$ 108,872
Operating expenses	<u>85,378</u>	<u>84,846</u>
	<u>\$ 194,442</u>	<u>\$ 193,718</u>

The number of employees of the Company in 2022 and 2021 was 201 and 206 respectively. Among them, the number of directors who were not concurrent employees was 9 and 7 respectively, and their calculation basis is the same as that of employee benefits.

The Company's average employee benefits for 2023 and 2022 were NT\$987 thousand and NT\$954 thousand, respectively, and average employee salary costs were NT\$835 thousand and NT\$804 thousand, respectively. The average employee salary cost adjustment change witnessed an increase of 4%.

The Company has established the Audit Committee to exercise the powers in replace of the supervisors.

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 2023 and 2022 was resolved by the Board of Directors in March 2024 and 2023 as follows:

	2023	2022
Employees' compensation (5%)	\$ 4,975	\$ 2,353
Remuneration of directors and supervisors (2%)	1,990	941

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 2022 and 2021 and the amounts recognized in the parent company only financial statements for 2022 and 2021.

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

Major components of income tax expense are as follows:

	2023	2022
Current income tax		
In respect of the current year	\$ 14,953	\$ 5,547
Tax refund on repatriation of overseas funds	(2,210)	(2,293)
Adjustments for prior years	(39)	-
	12,704	3,254
Deferred tax		
In respect of the current year	4,620	5,299
Income tax expense recognized in profit or loss	<u>\$ 17,324</u>	<u>\$ 8,553</u>

The adjustment of accounting income and income tax expenses is as follows:

	2023	2022
Income tax expense calculated at the statutory rate	\$ 18,507	\$ 8,753
Nondeductible expenses in determining taxable income	1,066	2,093
Adjustments for prior years' tax	(39)	-
Tax refund on repatriation of overseas funds	(2,210)	(2,293)
Income tax expense recognized in profit or loss	<u>\$ 17,324</u>	<u>\$ 8,553</u>

(II) Deferred tax assets and liabilities

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

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
2023				
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-downs	\$ 1,927	\$ 1,942	\$ -	\$ 3,869
Investment accounted for using the equity method	8,807	4,870	-	13,677
Allowance for losses	4,976	46	-	5,022
Exchange differences on translating the financial statements of foreign operations	635	-	384	1,019
Others	1,630	(277)	-	1,353
	<u>\$ 17,975</u>	<u>\$ 6,581</u>	<u>\$ 384</u>	<u>\$ 24,940</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 27,731	\$ 12,454	\$ -	\$ 40,185
Exchange differences on translating the financial statements of foreign operations	5,599	-	(2,708)	2,891
Others	1,253	(1,253)	-	-
	<u>\$ 34,583</u>	<u>\$ 11,201</u>	<u>(\$ 2,708)</u>	<u>\$ 43,076</u>
2022				
<u>Deferred tax assets</u>				
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
	<u>\$ 24,442</u>	<u>(\$ 2,698)</u>	<u>(\$ 3,769)</u>	<u>\$ 17,975</u>
<u>Deferred tax liabilities</u>				
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
	<u>\$ 29,113</u>	<u>\$ 2,601</u>	<u>\$ 2,869</u>	<u>\$ 34,583</u>

(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

	2023	Unit: NT\$ per share 2022
Basic earnings per share	\$ 0.76	\$ 0.35
Diluted earnings per share	\$ 0.75	\$ 0.35

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

Net income

	2023	2022
The net profit used to calculate the Earnings per Share	\$ 75,215	\$ 35,210
The net profit used to calculate the diluted Earnings per Share	\$ 75,215	\$ 35,210

Quantity of shares

	2023	Unit: Thousand Shares 2022
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	317	158
The weighted average number of common stocks used to calculate the diluted Earnings per Share	99,705	99,546

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 be 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 attributable to owners of the Company (comprising issued capital, reserves, retained earnings, 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 2023 and 2022, 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 and cash equivalents, 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 book value is equal to the fair value.

(II) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Disposal of financial assets		
measured at amortized cost		
(Note 1)	\$ 455,957	\$ 443,576
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
(Note 2)	1,545,222	1,587,130

Note 1: Balances include financial assets measured at amortized cost including cash and cash equivalents, 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.

Sensitivity analysis

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	2023	2022
USD	\$ 2,052	\$ 2,117

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, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	\$ 19,937	\$ 16,855
Financial liabilities	553,575	787,361
Cash flow interest rate risk		
Financial assets	49,622	85,475
Financial liabilities	739,300	600,469

Sensitivity analysis

For the financial assets and liabilities with floating interest rates, assuming that other conditions remain unchanged, a change in 0.25% interest rate has led to 2023 and 2022 net profit before tax to change by NT\$1,724 thousand and NT\$1,287 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, 2023 and 2022, the Company's unused bank financing lines were NT\$436,970 thousand and NT\$480,654 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
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 285,983	\$ -	\$ -
Lease liabilities	4,270	17,078	13,876
Variable interest rate liabilities	696,683	42,617	-
Fixed interest rate liabilities	<u>277,439</u>	<u>242,500</u>	<u>-</u>
	<u>\$ 1,264,375</u>	<u>\$ 302,195</u>	<u>\$ 13,876</u>
<u>December 31, 2022</u>			
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	<u>469,860</u>	<u>280,000</u>	<u>-</u>
	<u>\$ 1,160,783</u>	<u>\$ 447,695</u>	<u>\$ 18,146</u>

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			
	<u>Name of related party</u>	<u>Related Party Category</u>	
	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	
	TAIWAN AICA 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	
	POU CHIEN CHEMICAL CO.,LTD (BAOJIAN)	Subsidiary	
	LEADERSHIP (SHANGHAI) CO., LTD (LEADERSHIP)	Subsidiary	
	U-BEST	Subsidiary	
(II) Sales of goods			
	<u>Accounts</u>	<u>Related Party Category</u>	<u>2023</u>
			<u>2022</u>
Sales	Subsidiary	\$ 288,467	\$ 323,402
	Parent company	149,045	119,678
	Other related parties	1,752	1,966
	Fellow subsidiary	279	1,026
		<u>\$ 439,543</u>	<u>\$ 446,072</u>
Purchases of goods	Parent company	\$ 3,342	\$ 2,032
	Subsidiary	3,257	12,664
		<u>\$ 6,599</u>	<u>\$ 14,696</u>
Other revenue	Parent company	\$ 974	\$ 979
	Subsidiary	414	446
	Fellow subsidiary	209	-
		<u>\$ 1,597</u>	<u>\$ 1,425</u>

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, 2023	December 31, 2022
Notes receivable	Subsidiary	<u>\$ 989</u>	<u>\$ 810</u>
Accounts receivable	Subsidiary		
	U-BEST	\$ 42,935	\$ 20,610
	TOPWELL	30,567	61,533
	Dongguan Baojian Company	20,713	10,625
	Others	2,890	2,050
	Parent company	19,524	7,320
	Fellow subsidiary	306	-
	Other related parties	<u>293</u>	<u>437</u>
		<u>\$ 117,228</u>	<u>\$ 102,575</u>
Other receivables	Subsidiary		
	TOPWELL	\$ 15,630	\$ 1,006
	Others	211	39
	Fellow subsidiary	<u>251</u>	<u>-</u>
		<u>\$ 16,092</u>	<u>\$ 1,045</u>

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, 2023	December 31, 2022
Trade payables	Subsidiary	\$ 989	\$ 2,931
	Parent company	<u>682</u>	<u>616</u>
		<u>\$ 1,671</u>	<u>\$ 3,547</u>
Other payables	Subsidiary	<u>\$ 999</u>	<u>\$ 506</u>

(III) Loans to related parties (stated as other receivables)

Related Party Category/Name	December 31, 2023	December 31, 2022
Subsidiary		
TOP	<u>\$ 12,856</u>	<u>\$ -</u>
Related Party Category/Name	2023	2022
<u>Interest income</u>		
Subsidiary		
TOP	\$ 294	\$ -
U-BEST	<u>-</u>	<u>108</u>
	<u>\$ 294</u>	<u>\$ 108</u>

The Company provided the unsecured loans to related parties at the lending interest rates, 2.5% and 1.5%, in 2023 and 2022. The interests receivable on December 31, 2022 and 2021 were NT\$287 thousand and NT\$69 thousand, respectively.

(IV) Payables to related parties

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

	2023	2022
Short-term employee benefits	\$ 12,683	\$ 11,447
Retirement benefits	<u>244</u>	<u>243</u>
	<u>\$ 12,927</u>	<u>\$ 11,690</u>

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, 2023	December 31, 2022
Property, plant and equipment	\$ 442,890	\$ 450,288
Financial assets measured at amortized cost - current	<u>16,853</u>	<u>16,855</u>
	<u>\$ 459,743</u>	<u>\$ 467,143</u>

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, 2023 and 2022, the outstanding balances of letters of credit that had been opened were approximately US\$97 thousand and US\$300 thousand, respectively.
- (II) The Company's unrecognized contractual commitments are stated as following:

	December 31, 2023	December 31, 2022
Payments for property, plant, and equipment	<u>\$ 22,771</u>	<u>\$ 36,300</u>

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, 2023				
Financial assets	Foreign currency		Exchange Rate		Carrying Amount
<u>Monetary items</u>					
USD	\$	8,762	30.705	(USD:NTD)	\$ 269,037
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		2,079	30.705	(USD:NTD)	63,836

December 31, 2022			
Financial assets	Foreign currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 8,754	30.71 (USD:NTD)	\$ 268,835
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,862	30.71 (USD:NTD)	57,182

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: Table 1.
 - (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, 2023

Table 1 Unit: NTD Thousand 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	TOPWELL	Other receivables	Yes	\$ 19,455 (USD 634)	\$ 18,423 (USD 600)	\$ 12,856 (USD 419)	(Note II)	Necessary for short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 149,765 (Note 3)	\$ 599,061 (Note 3)	

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.

Evermore Chemical Industry Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
January 1 to December 31, 2023

Table 2 Unit: NTD Thousand 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 year	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	TOPWELL	Subsidiary	\$ 748,827	\$ 16,213	\$ 15,353	\$ 15,353	\$ 15,353	1.03%	\$ 1,048,358	Y	—	—	
1	The Company	Dongguan Baojian Company	Subsidiary	748,827	(USD 275,613 (USD 8,500)	(USD 260,993 (USD 8,500)	-	(USD 500) -	17.43%	1,048,358	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, 2023

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	U-BEST	Subsidiary	(Sales)	(\$ 124,824)	(8)	T/T 90 days	Note	—	\$ 42,935	13	

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 INVESTEEES
January 1 to December 31, 2023

Table 4

Unit: NTD Thousand or Foreign Currencies/Thousands of Shares

Investor	Investee company name	Location	Main business items	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)
				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	\$ 594,157	\$ 38,252	\$ 37,117
	Giant Star Trading Co.	Taichung City	Trading of chemical raw materials	97,367	97,367	12,600	100	126,340	(1,295)	(1,295)
	CHEM-MAT	Nantou County	Wholesale of coating, pigments, and industrial catalyst	111,484	111,484	7,199	100	117,833	(3,393)	(2,407)
	U-BEST	Vietnam	Production and sales of PU resin and adhesives	132,314	132,314	-	100	155,320	19,430	17,081
	TOPWELL	Thailand	Synthetic resin trading business	76,201	76,201	8,000	100	40,944	4,479	4,701
	SUCCESS	Samoa	Financial investment and international trade	185,064	185,064	5,000	100	154,123	(2,762)	(9,760)
Giant Star Trading Co.	NEOTOP INVESTMENTS LIMITED	Samoa	Financial investment and international trade	-	58,800	-	100	-	(2,793)	(Note)
NEOLITE	LIBERTY BELL INVESTMENTS LTD.	British Virgin Islands	Financial investment and international trade	563,243	563,243	21,000	100	598,090	38,246	(Note)
SUCCESS	SUNYAD	Vietnam	Manufacturing and sales of PU synthetic leather products	185,064	185,064	-	100	51,349	(2,762) (USD 90)	(Note)

Note: Not applicable.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
Investments in Mainland China
January 1 to December 31, 2023

Table 5

Unit: NTD Thousand 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 as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019(Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018
					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	\$ 38,304 CNY 8,719	100%	\$ 38,304 CNY 8,719	\$ 596,986 CNY 137,968	\$ -
TOPCO (SHANGHAI) CO., LTD	Wholesale of chemical products	38,922 CNY 8,053	(Note 1)	26,450 USD 820	-	-	26,450 USD 820	(11,901) (CNY 2,710)	100%	(11,901) (CNY 2,710)	78,396 CNY 18,118	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	(5,805) (CNY 1,328)	100%	(5,805) (CNY 1,328)	(1,096) (CNY 253)	-

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, 2023

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 parent company only financial statements and the actual number of shares delivered without physical registration may be different due to different calculation bases or other differences.