

Evermore Chemical Industry
Co., Ltd. and Subsidiaries

Consolidated Financial
Statements and Independent
Auditors' Review Report
Second Quarter of 2024 and 2023

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Independent Auditors' Review Report

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

Foreword

We have completed our review of Evermore Chemical Industry Co., Ltd. and Subsidiaries (Evermore Group) Consolidated Balance Sheet as of June 30, 2024 and 2023; 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 the six months ended June 30, 2024 and 2023. 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Standards on Review Engagement, TWSRE 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of June 30, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the three months and six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte Taiwan
CPA Shu-Ching Chiang

Su Ting-Chien, CPA

Approval reference of the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1000028068

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

August 9, 2024

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2024, December 31, 2023 and June 30, 2023

Unit: NTD thousand

		June 30, 2024		December 31, 2023		June 30, 2023	
Code	ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Notes VI)	\$ 318,337	10	\$ 372,784	11	\$ 368,571	11
1136	Financial assets measured at amortized cost - current (Note VII)	17,725	1	16,853	-	17,070	1
1150	Notes receivable (Note VIII)	146,004	4	150,539	5	169,715	5
1170	Accounts receivable due from non-related parties (Note VIII)	442,169	13	397,825	12	343,415	11
1180	Accounts receivable - related parties (Notes VIII and XXIV)	59,287	2	44,216	1	58,836	2
1200	Other receivables, net (Note XXIV)	8,267	-	13,141	-	3,323	-
1220	Current tax assets (Notes IV and XIX)	291	-	199	-	2,888	-
130X	Inventories (Note IX)	578,242	17	578,164	18	582,526	18
1410	Prepayments	61,445	2	50,409	2	45,785	1
1479	Other current assets	255	-	229	-	487	-
11XX	Total current assets	1,632,022	49	1,624,359	49	1,592,616	49
NON-CURRENT ASSETS							
1600	Property, plant, and equipment (Notes XI and XXV)	1,359,137	41	1,335,939	41	1,346,187	41
1755	Right-of-use assets (Note XII)	195,334	6	194,215	6	202,620	6
1760	Investment properties	1,007	-	1,007	-	1,007	-
1780	Intangible assets	9,472	-	10,499	-	10,562	-
1805	Goodwill (Note XIII)	41,109	1	41,524	1	43,480	1
1840	Deferred tax assets (Notes IV and XIX)	27,494	1	29,478	1	31,695	1
1915	Prepayments for equipment	46,687	2	57,811	2	53,555	2
1920	Refundable deposits	2,796	-	2,837	-	1,175	-
15XX	Total non-current assets	1,683,036	51	1,673,310	51	1,690,281	51
1XXX	TOTAL	\$ 3,315,058	100	\$ 3,297,669	100	\$ 3,282,897	100
Code	LIABILITIES AND EQUITY						
CURRENT LIABILITIES							
2100	Short-term bank loans (Notes XIV and XXV)	\$ 732,556	22	\$ 889,062	27	\$ 936,123	29
2110	Short term notes and bills payable (Note XIV)	129,861	4	39,939	1	39,988	1
2150	Notes payable	1,208	-	3,436	-	1,501	-
2170	Accounts payable (Note XXIV)	305,177	9	261,270	8	186,064	6
2200	Other payables (Notes XV and XXIV)	183,144	6	120,857	4	158,350	5
2230	Current tax liabilities (Notes IV and XIX)	13,643	1	22,165	1	9,083	-
2280	Lease liabilities - current (Note XII)	3,933	-	3,911	-	3,888	-
2322	Long-term bank loans due within one year (Notes XII and XXV)	103,250	3	91,500	3	66,500	2
2399	Other current liabilities	6,417	-	9,500	-	9,502	-
21XX	Total current liabilities	1,479,189	45	1,441,640	44	1,410,999	43
Noncurrent liabilities							
2541	Long-term bank loans (Notes XIV and XXV)	233,867	7	285,117	9	337,117	10
2570	Deferred tax liabilities (Notes IV and XIX)	53,071	1	43,100	1	47,613	2
2580	Lease liabilities - non-current (Note XII)	27,752	1	29,725	1	31,685	1
2645	Guarantee deposits	444	-	433	-	428	-
25XX	Total non-current liabilities	315,134	9	358,375	11	416,843	13
2XXX	Total liabilities	1,794,323	54	1,800,015	55	1,827,842	56
EQUITY							
3110	Share capital from common stock	993,880	30	993,880	30	993,880	30
3200	Capital surplus	98,017	3	98,017	3	98,017	3
	Retained earnings						
3310	Statutory reserves	234,075	7	226,553	7	226,553	7
3320	Special reserve	13,937	1	-	-	-	-
3350	Undistributed earnings	174,456	5	193,141	6	145,481	4
3400	Other equity	6,370	-	(13,937)	(1)	(8,876)	-
3XXX	Total equity	1,520,735	46	1,497,654	45	1,455,055	44
	TOTAL	\$ 3,315,058	100	\$ 3,297,669	100	\$ 3,282,897	100

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

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023

Unit: NTD Thousand, Except Earnings Per Share

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net Operating Revenue (Note XXIV)	\$ 673,234	100	\$ 549,221	100	\$ 1,295,766	100	\$ 1,119,973	100
5000	Operating costs (Notes IX, XVIII and XXIV)	<u>567,312</u>	<u>84</u>	<u>470,494</u>	<u>86</u>	<u>1,077,992</u>	<u>83</u>	<u>927,453</u>	<u>82</u>
5900	Gross profit	<u>105,922</u>	<u>16</u>	<u>78,727</u>	<u>14</u>	<u>217,774</u>	<u>17</u>	<u>192,520</u>	<u>18</u>
	OPERATING EXPENSES (Note XVIII)								
6100	Selling and marketing expenses	41,445	6	33,405	6	77,922	6	65,996	6
6200	Management expenses	43,944	7	38,983	7	85,841	7	80,171	7
6300	Research and development expenses	15,564	2	15,595	3	31,133	2	30,933	3
6450	Reversal gain of expected credit impairment (Note VIII)	(<u>19,504</u>)	(<u>3</u>)	(<u>3,000</u>)	(<u>1</u>)	(<u>30,549</u>)	(<u>2</u>)	(<u>10,566</u>)	(<u>1</u>)
6000	Total operating expenses	<u>81,449</u>	<u>12</u>	<u>84,983</u>	<u>15</u>	<u>164,347</u>	<u>13</u>	<u>166,534</u>	<u>15</u>
6900	PROFIT (LOSS) FROM OPERATIONS	<u>24,473</u>	<u>4</u>	(<u>6,256</u>)	(<u>1</u>)	<u>53,427</u>	<u>4</u>	<u>25,986</u>	<u>3</u>
	Non-operating revenue and expenditure								
7010	Other revenue	4,741	1	3,334	-	8,787	1	5,804	-
7020	Other gains and losses	(273)	-	(1,074)	-	(897)	-	(1,443)	-
7100	Interest income	2,509	-	2,143	-	4,225	-	2,683	-
7230	Gain on foreign exchange, net	2,552	-	8,970	2	14,010	1	7,763	1
7510	Interest fees	(<u>5,426</u>)	(<u>1</u>)	(<u>6,466</u>)	(<u>1</u>)	(<u>11,109</u>)	(<u>1</u>)	(<u>12,984</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>4,103</u>	<u>-</u>	<u>6,907</u>	<u>1</u>	<u>15,016</u>	<u>1</u>	<u>1,823</u>	<u>-</u>
7900	Net profits before tax	28,576	4	651	-	68,443	5	27,809	3
7950	Income tax expense (gain) (Notes IV and XIX)	<u>6,353</u>	<u>1</u>	(<u>751</u>)	<u>-</u>	<u>15,975</u>	<u>1</u>	<u>5,925</u>	<u>1</u>
8200	Net income for the period	<u>22,223</u>	<u>3</u>	<u>1,402</u>	<u>-</u>	<u>52,468</u>	<u>4</u>	<u>21,884</u>	<u>2</u>
	Other comprehensive income								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	5,505	1	(16,725)	(3)	25,393	2	(15,296)	(1)
8399	Income tax related to items that may be reclassified to profit or loss	(<u>1,104</u>)	<u>-</u>	<u>2,865</u>	<u>1</u>	(<u>5,086</u>)	<u>-</u>	<u>2,662</u>	<u>-</u>
8300	Other comprehensive income for the period (Net amount after tax)	<u>4,401</u>	<u>1</u>	(<u>13,860</u>)	(<u>2</u>)	<u>20,307</u>	<u>2</u>	(<u>12,634</u>)	(<u>1</u>)
8500	Total comprehensive income for the period	<u>\$ 26,624</u>	<u>4</u>	(<u>\$ 12,458</u>)	(<u>2</u>)	<u>\$ 72,775</u>	<u>6</u>	<u>\$ 9,250</u>	<u>1</u>
	EARNINGS PER SHARE (Note XX)								
9750	Basic	<u>\$ 0.22</u>		<u>\$ 0.01</u>		<u>\$ 0.53</u>		<u>\$ 0.22</u>	
9850	Diluted	<u>\$ 0.22</u>		<u>\$ 0.01</u>		<u>\$ 0.53</u>		<u>\$ 0.22</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 Changes in Equity
January 1 to June 30, 2024 and 2023

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

Code		EQUITY					Exchange differences on translating the financial statements of foreign operations	Total Equity
		Ordinary Shares	Capital Surplus	Retained Earnings (Note XVII)		Unappropriated Earnings		
		(Note XVII)	(Note XVII)	Legal Reserve	Special Reserve			
A1	Balance on January 1, 2023	\$ 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	-	-
D1	Net profit for January 1 to June 30, 2023	-	-	-	-	21,884	-	21,884
D3	Other comprehensive income after tax for January 1 to June 30, 2023	-	-	-	-	-	(12,634)	(12,634)
D5	Total comprehensive income for January 1 to June 30, 2023	-	-	-	-	21,884	(12,634)	9,250
Z1	Balance on June 30, 2023	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 226,553</u>	<u>\$ -</u>	<u>\$ 145,481</u>	<u>(\$ 8,876)</u>	<u>\$ 1,455,055</u>
A1	Balance on January 1, 2024	\$ 993,880	\$ 98,017	\$ 226,553	\$ -	\$ 193,141	(\$ 13,937)	\$ 1,497,654
	Earnings allocation and distribution for 2023							
B1	Statutory reserves	-	-	7,522	-	(7,522)	-	-
B3	Special reserve	-	-	-	13,937	(13,937)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(49,694)	-	(49,694)
D1	Net profit for January 1 to June 30, 2024	-	-	-	-	52,468	-	52,468
D3	Other comprehensive income for January 1 to June 30, 2024	-	-	-	-	-	20,307	20,307
D5	Total comprehensive income for January 1 to June 30, 2024	-	-	-	-	52,468	20,307	72,775
Z1	Balance on June 30, 2024	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 234,075</u>	<u>\$ 13,937</u>	<u>\$ 174,456</u>	<u>\$ 6,370</u>	<u>\$ 1,520,735</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 June 30, 2024 and 2023

		Unit: NTD thousand	
Code		January 1 to June 30, 2024	January 1 to June 30, 2023
CASH FLOW FROM OPERATING ACTIVITIES			
A10000	Net profits before tax for the period	\$ 68,443	\$ 27,809
A20010	Income and expenses:		
A20100	Depreciation expense	54,251	53,753
A20200	Amortization expense	1,022	966
A20300	Reversal gain of expected credit impairment	(30,549)	(10,566)
A20900	Interest fees	11,109	12,984
A21200	Interest income	(4,225)	(2,683)
A22500	Loss (gain) on disposal of property, plant, and equipment	154	(78)
A23800	Losses on (Gains on reversal of) market price decline and obsolete and slow-moving inventories	15,245	(2,406)
A24100	Unrealized foreign currency exchange net gains	(2,474)	(8,179)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	6,747	106,013
A31150	Accounts receivable	(19,340)	62,949
A31180	Other receivables	4,982	(1,383)
A31200	Inventories	(11,092)	95,740
A31230	Prepayments	(9,605)	1,728
A31240	Other current assets	(26)	141
A32130	Notes payable	(2,228)	(23,926)
A32150	Trade payables	39,287	(18,418)
A32180	Other payables	3,882	(14,769)
A32230	Other current liabilities	(3,083)	(3,213)
A33000	Cash generated from operations	122,500	276,462
A33100	Interest received	4,225	2,683
A33300	Interest paid	(10,694)	(12,509)
A33500	Income tax paid	(17,753)	(7,328)
AAAA	Net cash flow from operating activities	<u>98,278</u>	<u>259,308</u>
CASH FLOW FROM INVESTING ACTIVITIES			
B02700	Payments for property, plant, and equipment	(32,369)	(16,595)
B02800	Proceeds from disposal of property, plant, and equipment	52	78
B03700	Increase in refundable deposits	(34)	-

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Code		January 1 to June 30, 2024	January 1 to June 30, 2023
B03800	Decrease in refundable deposits	\$ 124	\$ 73
B04500	Acquisition of intangible assets	(65)	(236)
B07100	Increase in prepayments for equipment	(12,351)	(10,739)
BBBB	Net cash used in investing activities	(44,643)	(27,419)
CASH FLOW FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	2,375,736	3,237,314
C00200	Repayments of short-term borrowings	(2,532,401)	(3,209,840)
C00600	Proceeds (repayments) from short-term bills payable	89,423	(70,333)
C01700	Repayments of long-term borrowings	(39,500)	(27,000)
C04020	Payments of lease liabilities	(1,951)	(1,928)
CCCC	Net cash flow used in financing activities	(108,693)	(71,787)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	611	(6,679)
EEEE	Net increase (decrease) in cash and cash equivalents for the period	(54,447)	153,423
E00100	Opening balance of cash and cash equivalents	372,784	215,148
E00200	Closing balance of cash and cash equivalents	\$ 318,337	\$ 368,571

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 June 30, 2024 and 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

I. GENERAL INFORMATION

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

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

The parent company of the Company is AICA Kogyo Company Limited (AICA) of Japan. As of June 30, 2024 and December 31, 2023 and June 30, 2023, 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 August 9, 2024.

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

- (I) Initial application of the 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 endorsed by the FSC applicable in 2025

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: Effective for the annual reporting period beginning on January 1, 2025 at the initial application of the amendment, comparative periods shall not be restated. Instead, the impact should be recognized in retained earnings or the cumulative translation adjustment of foreign operations (as applicable) and the related affected assets and liabilities as of the initial application date.

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
"Annual Improvements to IFRS - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IAS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS No. 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The income statement should categorize income and expense items into operating, investing, financing, income tax, and discontinued operations.
- The income statement should report operating profit and loss, financing and pre-tax profit and loss, as well as the subtotals and totals of profit and loss.
- Provide guidelines to enhance aggregation and segmentation requirements: Consolidated companies must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring that each line item reported in the primary financial statements possesses at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and in the notes. The consolidated company only marks such items as "others" when no more informative name can be found.

- Increase the disclosure of performance measures defined by management: When a consolidated company engages in public communication outside of financial statements, and when communicating management's perspective on a specific aspect of the consolidated company's overall financial performance to users of the financial statements, it should disclose information about performance measures defined by management in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation with subtotals or totals specified by IFRS accounting standards, and the impact of related reconciliation items on income tax and non-controlling interests.

In addition to the above effects, as of the date the consolidated financial statements were approved for issue, the consolidated entity is continuously assessing the possible other impact that the application of each standard 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. On June 30, 2023 and December 31, 2022, financial assets measured at amortized cost were reclassified into cash and cash equivalents with the carrying amounts, NT\$41,899 thousand and NT\$42,929 thousand, respectively. The effect of cash flow items from January 1 to June 30, 2023 is as follows:

	<u>Adjustment</u>
Net cash outflow from operating activities	(\$ 1,030)
Decrease in cash and cash equivalents	(\$ 1,030)

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 IAS 34 "Interim Financial Reporting" approved and released by the FSC. These consolidated financial statements do not include all the disclosures required by IFRS accounting standards for a full set of annual financial statements.

(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) 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.

Refer to Note X and Table 4 and 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(IV) Other significant accounting policies

In addition to the following explanations, please refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

1. 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 there is no substantive right to defer settlement beyond the balance sheet date to at least 12 months after the balance sheet date.

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

2. Income tax expense

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

The interim income tax is evaluated on an annual basis, and is calculated based on the interim pre-tax benefits at the tax rate applicable to the expected annual total earnings.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the consolidated company develops significant accounting estimates, please refer to the explanations of the Significant Accounting Assumptions and Judgments and Major Sources of Estimates Uncertainty in the 2023 consolidated financial statements.

VI. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and petty cash	\$ 2,005	\$ 2,302	\$ 1,971
Checking accounts and demand deposits	298,411	278,291	366,600
Cash equivalent			
Time deposits with original maturities of less than 3 months	17,921	92,191	-
	<u>\$ 318,337</u>	<u>\$ 372,784</u>	<u>\$ 368,571</u>

VII. Financial assets measured at amortized cost - current

	June 30, 2024	December 31, 2023	June 30, 2023
Bank time deposits with original maturities of more than 3 months	<u>\$ 17,725</u>	<u>\$ 16,853</u>	<u>\$ 17,070</u>

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

VIII. Notes receivable and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
Notes receivable - operating	\$ 146,004	\$ 150,539	\$ 169,715
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 146,004</u>	<u>\$ 150,539</u>	<u>\$ 169,715</u>
<u>Trade receivables - unrelated parties</u>			
Measured by cost after amortization			
Total carrying amount	\$ 525,238	\$ 509,362	\$ 466,124
Less: Loss allowance	(<u>83,069</u>)	(<u>111,537</u>)	(<u>122,709</u>)
	<u>\$ 442,169</u>	<u>\$ 397,825</u>	<u>\$ 343,415</u>
<u>Accounts receivables - related parties</u>			
Measured by cost after amortization			
Total carrying amount	\$ 59,287	\$ 44,216	\$ 58,836
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,287</u>	<u>\$ 44,216</u>	<u>\$ 58,836</u>

(I) Notes receivable

The aging of notes receivable was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Not past due	\$ 146,004	\$ 150,539	\$ 169,715
Past due	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 146,004</u>	<u>\$ 150,539</u>	<u>\$ 169,715</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 consolidated entity 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 consolidated entity 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>June 30, 2024</u>					
Expected credit loss rate (%)	0-1	1-3	5-100	100	
Total carrying amount	\$ 484,358	\$ 13,294	\$ 1,295	\$ 85,578	\$ 584,525
Allowance for loss (Expected credit loss during the period)	(3,111)	(68)	(65)	(79,825)	(83,069)
Amortized cost	<u>\$ 481,247</u>	<u>\$ 13,226</u>	<u>\$ 1,230</u>	<u>\$ 5,753</u>	<u>\$ 501,456</u>
<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>June 30, 2023</u>					
Expected credit loss rate (%)	0-1	1-3	5-100	100	
Total carrying amount	\$ 389,003	\$ 13,019	\$ 2,156	\$ 120,782	\$ 524,960
Allowance for loss (Expected credit loss during the period)	(1,548)	(270)	(109)	(120,782)	(122,709)
Amortized cost	<u>\$ 387,455</u>	<u>\$ 12,749</u>	<u>\$ 2,047</u>	<u>\$ -</u>	<u>\$ 402,251</u>

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

	January 1 to June 30, 2024	January 1 to June 30, 2023
Opening balance	\$ 111,537	\$ 135,890
Reversal of impairment loss in current period	(30,549)	(10,566)
Foreign exchange gains and losses	2,081	(2,615)
Closing balance	<u>\$ 83,069</u>	<u>\$ 122,709</u>

IX. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 243,860	\$ 268,050	\$ 274,532
Raw materials and supplies	252,823	211,810	216,704
Merchandise	64,727	80,770	84,479
Inventories in transit	<u>16,832</u>	<u>17,534</u>	<u>6,811</u>
	<u>\$ 578,242</u>	<u>\$ 578,164</u>	<u>\$ 582,526</u>

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

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Cost of inventories sold	\$ 545,307	\$ 450,020	\$ 1,045,437	\$ 910,008
Inventory devaluation (or reversal gains)	13,171	9,970	15,245	(2,406)
Unallocated production overhead	<u>8,834</u>	<u>10,504</u>	<u>17,310</u>	<u>19,851</u>
	<u>\$ 567,312</u>	<u>\$ 470,494</u>	<u>\$ 1,077,992</u>	<u>\$ 927,453</u>

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

X. SUBSIDIARIES

Subsidiary included in the consolidated financial statements:

Investor	Investee	% of Ownership		
		June 30, 2024	December 31, 2023	June 30, 2023
The Company	NEOLITE INVESTMENTS LIMITED (NEOLITE)	100	100	100
	GIANT STAR TRADING CO., LTD (GIANT STAR)	100	100	100
	CHEM-MAT TECHNOLOGIES CO., LTD (CHEM-MAT)	100	100	100
	U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED (U-BEST)	100	100	100
	SUCCESS INVESTMENTS LIMITED (SUCCESS)	100	100	100
	TOPWELL ELASTIC TECHNOLOGY CO., LTD. (TOPWELL)	100	100	100
	NEOTOP INVESTMENTS LIMITED (NEOTOP)	-	-	100
	LEADERSHIP (SHANGHAI) CO., LTD (LEADERSHIP)	100	100	100
Giant Star Trading Co.	TOPCO (SHANGHAI) CO., LTD (TOPCO)	-	-	100
CHEM-MAT	LIBERTY BELL INVESTMENTS LTD. (LIBERTY BELL)	100	100	100
NEOTOP	BAOJIAN CHEMICAL CO., LTD (BAOJIAN)	100	100	100
NEOLITE	TOPCO	100	100	-
LIBERTY BELL	VIETNAM SUNYAD TECHNOLOGY LIMITED (SUNYAD)	100	100	100
Dongguan Baojian Company				
SUCCESS				

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.

In July 2023, Neotop transferred its 100% equity interest in TOPCO to Dongguan Baojian at the price of RMB 20,250 thousand and thereby resulted in the income tax, RMB 1,303 thousand, which should be directly recognized in equity. Meanwhile, it resolved to liquidate Neotop in November 2023, and the liquidation was completed in 2023.

In April 2024, Giant Star Trading Co Ltd. refunded the share payment of NT\$ 81,000 thousand due to cash capital decrease, and the Company's shareholding ratio in it remained unchanged.

XI. PROPERTY, PLANT, AND EQUIPMENT

January 1 to June 30, 2024	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
<u>Cost</u>						
Opening balance	\$ 732,859	\$ 839,594	\$ 1,273,515	\$ 28,107	\$ 347,364	\$ 3,221,439
Add	-	4,815	23,464	-	11,448	39,727
Disposal	-	-	(12,944)	-	(174)	(13,118)
Reclassified	-	-	23,475	-	-	23,475
Effects of Foreign Currency Exchange Differences	(419)	11,296	9,508	120	8,030	28,535
Closing balance	<u>\$ 732,440</u>	<u>\$ 855,705</u>	<u>\$ 1,317,018</u>	<u>\$ 28,227</u>	<u>\$ 366,668</u>	<u>\$ 3,300,058</u>
<u>Accumulated depreciation</u>						
Opening balance	\$ -	\$ 510,762	\$ 1,090,217	\$ 22,985	\$ 261,536	\$ 1,885,500
Depreciation expense	-	14,139	22,970	1,030	11,011	49,150
Disposal	-	-	(12,738)	-	(174)	(12,912)
Effects of Foreign Currency Exchange Differences	-	8,505	8,849	86	1,743	19,183
Closing balance	<u>\$ -</u>	<u>\$ 533,406</u>	<u>\$ 1,109,298</u>	<u>\$ 24,101</u>	<u>\$ 274,116</u>	<u>\$ 1,940,921</u>
Closing net amount	<u>\$ 732,440</u>	<u>\$ 322,299</u>	<u>\$ 207,720</u>	<u>\$ 4,126</u>	<u>\$ 92,552</u>	<u>\$ 1,359,137</u>
January 1 to June 30, 2023						
<u>Cost</u>						
Opening balance	\$ 732,646	\$ 826,019	\$ 1,253,904	\$ 28,423	\$ 347,726	\$ 3,188,718
Add	-	1,631	10,012	-	4,267	15,910
Disposal	-	-	(1,457)	(653)	(4,252)	(6,362)
Reclassified	-	1,359	4,580	-	675	6,614
Effects of Foreign Currency Exchange Differences	(349)	(7,343)	(8,348)	(196)	(1,428)	(17,664)
Closing balance	<u>\$ 732,297</u>	<u>\$ 821,666</u>	<u>\$ 1,258,691</u>	<u>\$ 27,574</u>	<u>\$ 346,988</u>	<u>\$ 3,187,216</u>
<u>Accumulated depreciation</u>						
Opening balance	\$ -	\$ 487,117	\$ 1,055,434	\$ 21,839	\$ 251,282	\$ 1,815,672
Depreciation expense	-	14,148	22,319	1,216	11,034	48,717
Disposal	-	-	(1,457)	(653)	(4,252)	(6,362)
Effects of Foreign Currency Exchange Differences	-	(6,833)	(8,241)	(140)	(1,784)	(16,998)
Closing balance	<u>\$ -</u>	<u>\$ 494,432</u>	<u>\$ 1,068,055</u>	<u>\$ 22,262</u>	<u>\$ 256,280</u>	<u>\$ 1,841,029</u>
Closing net amount	<u>\$ 732,297</u>	<u>\$ 327,234</u>	<u>\$ 190,636</u>	<u>\$ 5,312</u>	<u>\$ 90,708</u>	<u>\$ 1,346,187</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 XXV.

XII. Lease arrangements

(I) Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 164,045	\$ 160,908	\$ 167,294
Building	<u>31,289</u>	<u>33,307</u>	<u>35,326</u>
	<u>\$ 195,334</u>	<u>\$ 194,215</u>	<u>\$ 202,620</u>
Depreciation expenses of right-of-use assets	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024
Land	\$ 1,555	\$ 1,515	\$ 3,082
Buildings	<u>1,010</u>	<u>1,009</u>	<u>2,019</u>
	<u>\$ 2,565</u>	<u>\$ 2,524</u>	<u>\$ 5,101</u>
		January 1 to June 30, 2023	January 1 to June 30, 2023
			<u>\$ 5,036</u>

Except for depreciation expenses recognized, the consolidated company's right-of-use assets did not have significant subleases or impairments during January 1 to June 30, 2024 and 2023.

(II) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 3,933</u>	<u>\$ 3,911</u>	<u>\$ 3,888</u>
Non-current asset	<u>\$ 27,752</u>	<u>\$ 29,725</u>	<u>\$ 31,685</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Building	1.14	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.

(IV) Other lease information

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term lease expenses	\$ 1,348	\$ 1,284	\$ 2,680	\$ 2,514
Low-value asset lease expenses	\$ 163	\$ 48	\$ 323	\$ 94
Total cash outflow from rent			\$ 5,138	\$ 4,743

XIII. Goodwill

	June 30, 2024	December 31, 2023	June 30, 2023
Opening balance	\$ 41,524	\$ 43,708	\$ 43,708
Impairment loss	-	(2,096)	-
Effects of Foreign Currency Exchange Differences	(415)	(88)	(228)
Closing balance	\$ 41,109	\$ 41,524	\$ 43,480

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 as of December 31, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Secured borrowings	\$ 514,823	\$ 513,429	\$ 383,616
Credit loans	183,000	359,950	525,700
Letter of credit loans	<u>34,733</u>	<u>15,683</u>	<u>26,807</u>
	<u>\$ 732,556</u>	<u>\$ 889,062</u>	<u>\$ 936,123</u>
<u>Interest rate per annum (%)</u>			
Secured borrowings	1.87-1.98	1.80-5.01	1.85-4.42
Credit loans	1.80-2.03	1.80-1.90	1.85-2.57
Letter of credit loans	7.03-8.80	7.10-8.80	1.87-7.10

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 XXV.

(II) Short-term bills payable

	June 30, 2024	December 31, 2023	June 30, 2023
Commercial paper	\$ 130,000	\$ 40,000	\$ 40,000
Less: Unamortized discounts on bills payable	(<u>139</u>)	(<u>61</u>)	(<u>12</u>)
	<u>\$ 129,861</u>	<u>\$ 39,939</u>	<u>\$ 39,988</u>

(III) Long-term bank borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Credit loans	\$ 267,500	\$ 280,000	\$ 280,000
Secured borrowings	<u>69,617</u>	<u>96,617</u>	<u>123,617</u>
	337,117	376,617	403,617
Less: Current portion	(<u>103,250</u>)	(<u>91,500</u>)	(<u>66,500</u>)
Long-term borrowings	<u>\$ 233,867</u>	<u>\$ 285,117</u>	<u>\$ 337,117</u>

Rates of interest per annum (%)

Credit loans	1.15	1.15	1.05
Secured borrowings	2.07-2.14	1.94-2.03	1.94-2.03

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

XV. Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Dividends payable	\$ 49,694	\$ -	\$ 49,694
Payable for salaries and bonuses	40,820	49,378	30,218
Payable for commissions and professional service fees	16,003	12,035	9,980
Payable for purchase of equipment	13,958	6,600	21,760
Others	<u>62,669</u>	<u>52,844</u>	<u>46,698</u>
	<u>\$ 183,144</u>	<u>\$ 120,857</u>	<u>\$ 158,350</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

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized shares (thousand shares)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Authorized capital stock	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Shares issued and received in full (thousand shares)	<u>99,388</u>	<u>99,388</u>	<u>99,388</u>
Issued share capital	<u>\$ 993,880</u>	<u>\$ 993,880</u>	<u>\$ 993,880</u>

(II) Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
Issuance of common shares	\$ 70,860	\$ 70,860	\$ 70,860
Treasury share transactions	<u>27,157</u>	<u>27,157</u>	<u>27,157</u>
	<u>\$ 98,017</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 2024 and 2023, and passed the following earnings distribution for 2023 and 2022:

	Appropriation of Earnings		Dividend per share (NTD)	
	2023	2022	2023	2022
Statutory reserves	\$ 7,522	\$ 3,521		
Appropriation (reversal) of special reserve	13,937	(24,313)		
Cash dividend	49,694	49,694	\$ 0.5	\$ 0.5

XVIII. NET PROFIT

(I) Depreciation and amortization

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Summarization of depreciation expenses by function				
Operating costs	\$ 18,470	\$ 17,927	\$ 36,474	\$ 35,704
Operating expenses	<u>8,861</u>	<u>9,074</u>	<u>17,777</u>	<u>18,049</u>
	<u>\$ 27,331</u>	<u>\$ 27,001</u>	<u>\$ 54,251</u>	<u>\$ 53,753</u>
Summarization of amortization expenses by function				
Operating costs	\$ 87	\$ 95	\$ 178	\$ 187
Operating expenses	<u>418</u>	<u>377</u>	<u>844</u>	<u>779</u>
	<u>\$ 505</u>	<u>\$ 472</u>	<u>\$ 1,022</u>	<u>\$ 966</u>

(II) Employee benefit expenses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits	\$ 70,637	\$ 62,434	\$ 140,601	\$ 123,930
Retirement benefits				
Defined contribution plans	3,344	3,335	6,543	5,622
Other employee benefits	<u>6,337</u>	<u>5,172</u>	<u>13,056</u>	<u>11,298</u>
Total employee benefit expenses	<u>\$ 80,318</u>	<u>\$ 70,941</u>	<u>\$ 160,200</u>	<u>\$ 140,850</u>
Summarization by function				
Operating costs	\$ 38,080	\$ 33,690	\$ 75,080	\$ 64,084
Operating expenses	<u>42,238</u>	<u>37,251</u>	<u>85,120</u>	<u>76,766</u>
	<u>\$ 80,318</u>	<u>\$ 70,941</u>	<u>\$ 160,200</u>	<u>\$ 140,850</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 estimated remuneration to employees, directors and supervisors for the three and six months ended June 30, 2024 and 2023 is as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Employees' compensation (5%)	\$ 1,504	\$ 26	\$ 3,593	\$ 1,454
Remuneration of directors and supervisors (2%)	607	11	1,422	582

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.

The Company held the Board of Directors meeting in March 2024 and 2023, and resolved the remuneration to employees and directors and supervisors for 2023 and 2022 as follows:

	2023	2022
Remuneration to employees	\$ 4,975	\$ 2,353
Remuneration of directors and supervisors	1,990	941

There are no differences between the actual allotment amounts of employee remuneration and directors and supervisors' remuneration for 2023 and 2022 and the amounts recognized in the consolidated financial statements for 2023 and 2022.

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

XIX TAXES

(I) Income tax recognized in profit or loss

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

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Current income tax				
Incurred in the current period	\$ 3,205	\$ 1,162	\$ 9,097	\$ 7,953
Tax refund on repatriation of overseas funds	-	(2,210)	-	(2,210)
Adjustments for prior years	<u>-</u>	<u>611</u>	<u>-</u>	<u>751</u>
	3,205	(437)	9,097	6,494
Deferred tax				
Incurred in the current period	<u>3,148</u>	(<u>314</u>)	<u>6,878</u>	(<u>569</u>)
Income tax expense (gain) recognized in profit or loss	<u>\$ 6,353</u>	(<u>\$ 751</u>)	<u>\$ 15,975</u>	<u>\$ 5,925</u>

(II) Income tax assessments

Income tax returns of the Company and Giant Star Trading Co. Ltd. up to 2021, and Chen-Mat up to 2022, have been examined and cleared by the tax authorities.

XX. EARNINGS PER SHARE

	Unit: NT\$ per share			
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Basic earnings per share	<u>\$ 0.22</u>	<u>\$ 0.01</u>	<u>\$ 0.53</u>	<u>\$ 0.22</u>
Diluted earnings per share	<u>\$ 0.22</u>	<u>\$ 0.01</u>	<u>\$ 0.53</u>	<u>\$ 0.22</u>

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

Net income for the period

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net profit for calculating basic EPS	<u>\$ 22,223</u>	<u>\$ 1,402</u>	<u>\$ 52,468</u>	<u>\$ 21,884</u>
Net profit for calculating diluted EPS	<u>\$ 22,223</u>	<u>\$ 1,402</u>	<u>\$ 52,468</u>	<u>\$ 21,884</u>

Quantity of shares

	Unit: Thousand Shares			
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
The weighted average number of common stocks used to calculate the Earnings per Share	99,388	99,388	99,388	99,388
Effect of potentially dilutive ordinary shares:				
Remuneration to employees	<u>198</u>	<u>87</u>	<u>310</u>	<u>150</u>
The weighted average number of common stocks used to calculate the diluted Earnings per Share	<u>99,586</u>	<u>99,475</u>	<u>99,698</u>	<u>99,538</u>

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. Non cash transactions

The cash dividend to be distributed resolved by the shareholders' meeting had not yet been distributed as of June 30, 2024 and 2023 (see Notes XV and XVII).

XXII. Capital risk 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.

XXIII. 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

From January 1 to June 30, 2024 and 2023, 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, other financial assets, refundable deposits-time deposits, short-term bank loans, short term notes and bills payable, other payables, 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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 994,585	\$ 998,195	\$ 962,105
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	1,689,507	1,691,614	1,726,071

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

1. Market risk

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

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

(1) Foreign currency risk

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

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

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	January 1 to June 30, 2024	January 1 to June 30, 2023
NTD:USD	\$ 1,500	\$ 2,163
RMB:USD	2,057	1,327
NTD:RMB	246	328

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:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
Financial assets	\$ 35,646	\$ 109,044	\$ 17,070
Financial liabilities	429,046	553,575	715,561
Cash flow interest rate risk			
Financial assets	298,384	278,253	366,573
Financial liabilities	802,173	785,679	699,740

Sensitivity analysis

For the consolidated company's financial assets and liabilities with floating interest rates, when the interest rate changes by 0.25%, with other conditions remaining unchanged, the consolidated company's net income before tax from January 1 to June 30, 2024 and 2023 underwent changes amounting to NT\$630 thousand and NT\$416 thousand.

2. Credit risk

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

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

3. Liquidity risk

The Group has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities, obtaining the loan commitment, and continuously monitoring forecasted and actual cash flow as well as the maturity profiles of financial assets and liabilities. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's undrawn bank financing facilities were NT\$658,515 thousand, NT\$496,168 thousand, and NT\$702,359 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>June 30, 2024</u>			
Non-interest bearing liabilities	\$ 489,529	\$ 444	\$ -
Lease liabilities	4,270	17,078	11,741
Variable interest rate liabilities	785,806	16,367	-
Fixed interest rate liabilities	<u>179,861</u>	<u>217,500</u>	<u>-</u>
	<u>\$ 1,459,466</u>	<u>\$ 251,389</u>	<u>\$ 11,741</u>
<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>June 30, 2023</u>			
Non-interest bearing liabilities	\$ 345,915	\$ -	\$ -
Lease liabilities	4,270	17,078	16,011
Variable interest rate liabilities	630,123	69,617	-
Fixed interest rate liabilities	<u>412,488</u>	<u>267,500</u>	<u>-</u>
	<u>\$ 1,392,796</u>	<u>\$ 354,195</u>	<u>\$ 16,011</u>

XXIV. Related party transactions

Transactions, account balances, income and expense between consolidated entities have been eliminated on consolidation and are not disclosed in this note. Except as described in other financial notes, the relationships and transactions with other related parties are as follows:

(I) Related party name and category

Name of related party	Related Party Category
AICA	The Company's parent
PT. AICA Indonesia	Fellow subsidiary
AICA Adtek Sdn. Bhd	Fellow subsidiary
AICA Malaysia Sdn. Bhd.	Fellow subsidiary
Shenyang AICA-HOPE Kogyo Co., Ltd.	Fellow subsidiary
Dynea (Guangdong) Co., Ltd. (Dynea)	Fellow subsidiary
AICA Bangkok Co., Ltd. (AICA Thailand)	Fellow subsidiary
Aica Dongnai Co., Ltd. (AICA Dongnai)	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)
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	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Income from sales	Other related parties	\$ 66,256	\$ 51,330	\$ 104,420	\$ 99,323
	Parent company	36,581	38,054	76,248	75,580
	Fellow subsidiary	<u>6,009</u>	<u>4,451</u>	<u>11,156</u>	<u>8,163</u>
		<u>\$ 108,846</u>	<u>\$ 93,835</u>	<u>\$ 191,824</u>	<u>\$ 183,066</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.

Accounts	Related Party Category/Name	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Purchases of goods	Parent company	\$ 1,872	\$ 2,476	\$ 4,658	\$ 4,494
	Fellow subsidiary	<u>42</u>	<u>-</u>	<u>1,562</u>	<u>-</u>
		<u>\$ 1,914</u>	<u>\$ 2,476</u>	<u>\$ 6,220</u>	<u>\$ 4,494</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:

Accounts	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Other related parties	\$ 46,909	\$ 21,724	\$ 31,950
	Parent company	8,255	19,524	23,646
	Fellow subsidiary	<u>4,123</u>	<u>2,968</u>	<u>3,240</u>
		<u>\$ 59,287</u>	<u>\$ 44,216</u>	<u>\$ 58,836</u>
Other receivables	Parent company	\$ 36	\$ -	\$ -
	Fellow subsidiary	<u>-</u>	<u>251</u>	<u>-</u>
		<u>\$ 36</u>	<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	June 30, 2024	December 31, 2023	June 30, 2023
Trade payables	Parent company	\$ 529	\$ 2,197	\$ 1,614
	Fellow subsidiary	<u>116</u>	<u>-</u>	<u>-</u>
		<u>\$ 645</u>	<u>\$ 2,197</u>	<u>\$ 1,614</u>
Other payables	Other related parties	<u>\$ 133</u>	<u>\$ 165</u>	<u>\$ 137</u>

(III) Payables to related parties

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

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Short-term employee benefits	\$ 3,528	\$ 2,360	\$ 7,323	\$ 5,390
Retirement benefits	<u>61</u>	<u>61</u>	<u>122</u>	<u>122</u>
	<u>\$ 3,589</u>	<u>\$ 2,421</u>	<u>\$ 7,445</u>	<u>\$ 5,512</u>

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

XXV. Pledged assets

The following assets were provided as collateral for bank borrowings:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Property, plant and equipment	\$ 493,263	\$ 497,429	\$ 511,786
Right-of-use assets	-	-	14,800
Financial assets measured at amortized cost - current	<u>17,725</u>	<u>16,853</u>	<u>17,070</u>
	<u>\$ 510,988</u>	<u>\$ 514,282</u>	<u>\$ 543,656</u>

XXVI. Significant commitments and contingencies

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

- (I) As of June 30, 2024, December 31, 2023 and June 30, 2023, the balances of letters of credit issued but not used were approximately US\$483 thousand, US\$97 thousand, and US\$203 thousand, respectively.
- (II) The consolidated company's unrecognized contractual commitments are stated as following:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Payments for property, plant, and equipment	<u>\$ 15,676</u>	<u>\$ 22,771</u>	<u>\$ 31,155</u>

XXVII. The significant assets and liabilities denominated in foreign currencies

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

June 30, 2024					
Financial assets	Foreign currency		Exchange Rate		Carrying Amount
<u>Monetary items</u>					
USD	\$	7,432	32.45	(USD:NTD)	\$ 241,168
USD		7,784	7.30	(USD:RMB)	252,591
RMB		5,523	4.445	(RMB:NTD)	24,550
Financial liabilities					
<u>Monetary items</u>					
USD		2,811	32.45	(USD:NTD)	91,217
USD		1,444	7.30	(USD:RMB)	46,858
USD		1,674	25,445	(USD:VND)	54,321
USD		1,236	36.5964	(USD: THB)	40,108
December 31, 2023					
Financial assets	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:RMB)	181,160
RMB		26,171	4.327	(RMB:NTD)	113,242
Financial liabilities					
<u>Monetary items</u>					
USD		2,071	30.705	(USD:NTD)	63,590
USD		1,541	7.096	(USD:RMB)	47,316
USD		1,653	24,245	(USD:VND)	50,755
USD		1,343	34.0523	(USD: THB)	41,237
June 30, 2023					
Financial assets	Foreign currency		Exchange Rate		Carrying Amount
<u>Monetary items</u>					
USD	\$	8,768	31.14	(USD:NTD)	\$ 273,036
USD		5,431	7.272	(USD:RMB)	169,121
RMB		7,658	4.282	(RMB:NTD)	32,792
Financial liabilities					
<u>Monetary items</u>					
USD		1,821	31.14	(USD:NTD)	56,706
USD		1,171	7.272	(USD:RMB)	36,465
USD		559	23,585	(USD:VND)	17,407
USD		1,636	35.322	(USD: THB)	50,945

The Group is mainly exposed to the USD and RMB. The following information was aggregated by the functional currencies of the Group, 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	April 1 to June 30, 2024		April 1 to June 30, 2023	
	Functional currency converted to presentation currency	Net exchange losses (gains)	Functional currency converted to presentation currency	Net exchange losses (gains)
USD	32.355 (USD:NTD)	(\$ 371)	30.705 (USD:NTD)	(\$ 157)
NTD	1 (NTD:NTD)	2,887	1 (NTD:NTD)	3,991
RMB	4.458 (RMB:NTD)	2,044	4.373 (RMB:NTD)	7,391
THB	0.887 (THB:NTD)	(633)	0.896 (THB:NTD)	(2,498)
VND	0.0013 (VND:NTD)	(1,375)	0.0013 (VND:NTD)	243
		<u>\$ 2,552</u>		<u>\$ 8,970</u>

Functional currency	January 1 to June 30, 2024		January 1 to June 30, 2023	
	Functional currency converted to presentation currency	Net exchange losses (gains)	Functional currency converted to presentation currency	Net exchange losses (gains)
USD	31.901 (USD:NTD)	(\$ 703)	30.550 (USD:NTD)	(\$ 296)
NTD	1 (NTD:NTD)	12,559	1 (NTD:NTD)	3,043
RMB	4.412 (RMB:NTD)	5,660	4.407 (RMB:NTD)	5,844
THB	0.887 (THB:NTD)	(3,575)	0.899 (THB:NTD)	(1,511)
VND	0.0013 (VND:NTD)	69	0.0013 (VND:NTD)	683
		<u>\$ 14,010</u>		<u>\$ 7,763</u>

XXVIII. Item disclosed in notes

- (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: None.
 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. Other: Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries: Table 3.
 11. Information on investees: Table 4
- (III) Investments in Mainland China
1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding, 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 mainland China: 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) Sale amount and percentage and the related receivables ending balance and percentage: Table 3.
 - (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: None.
 - (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 period or on the financial position, such as the rendering or receiving 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.

XXIX. 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:

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	
	January 1 to June 30, 2024	January 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Domestic operations	\$ 697,593	\$ 594,628	\$ 46,610	\$ 14,498
Asia operations	<u>598,173</u>	<u>525,345</u>	<u>6,817</u>	<u>11,488</u>
Total for continuing operations	<u>\$ 1,295,766</u>	<u>\$ 1,119,973</u>	53,427	25,986
Interest income			4,225	2,683
Foreign currency exchange net gains (loss)			14,010	7,763
Interest fees			(11,109)	(12,984)
Gains (Losses) from disposal of property, plant, and equipment			(154)	78
General income and benefits			8,787	5,804
General expenses and losses			(743)	(1,521)
Net profits before tax			<u>\$ 68,443</u>	<u>\$ 27,809</u>

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

Evermore Chemical Industry Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS

January 1 to June 30, 2024

Table 1

Unit: In thousands of NTD or foreign currencies

Number	Lender	Loan and counterparty (Note 1)	Financial Statement Account	Related Party	The highest balance in the current period	Ending Balance (Note 2)	Actual amount of expenditure	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	\$ 18,954 (USD 600)	\$ 12,980 (USD 400)	\$ 11,315 (USD 349)	(Note 3)	Necessary for short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 152,074 (Note 4)	\$ 608,294 (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 June 30, 2024

Table 2Unit: In thousands of NTD 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 Amount of Expenditure	Amount Endorsed/ Guaranteed by Collateral	The Ratio of the Accumulated Endorsement Guarantee Amount to the Net Value of the Financial Report for the Period	Endorsement Guarantee Maximum Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Company name	Relationship											
0	The Company	TOPWELL	Refer to Note X of consolidated financial statements	\$ 760,368	16,273 (USD 500)	16,225 (USD 500)	16,225 (USD 500)	16,225 (USD 500)	1.07%	1,064,515	Y	—	—	
1	The Company	Dongguan Baojian Company	Refer to Note X of consolidated financial statements	760,368	268,515 (USD 8,500)	32,450 (USD 1,000)	-	-	2.13%	1,064,515	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
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
January 1 to June 30, 2024

Table 3Unit: In thousands of NTD 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	Sales	\$ 28,545	T/T 90 days	2
		U-BEST	1	Accounts receivable	43,260	T/T 90 days	1
		U-BEST	1	Sales	70,945	T/T 90 days	5
		TOPWELL	1	Accounts receivable	33,593	T/T 90 days	1
		TOPWELL	1	Sales	45,894	T/T 90 days	4
1	CHEM-MAT	LEADERSHIP SHANGHAI	1	Sales	13,848	T/T 210 days	1
2	U-BEST	SUN YAD	2	Sales	25,453	T/T 90 days	2
3	Dongguan Baojian Company	U-BEST	2	Sales	32,813	T/T 90 days	3

Note 1: Significant intercompany accounts and transactions have been eliminated.
Note 2: Relationship with the 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 June 30, 2024

Table 4

Unit: In thousands of NTD or foreign currencies/Thousands Shares

Investor	Investee company name	Location	Main business items	Original Investment Amount		Held at end of period			Current net income (loss) of the Investee	Share of investment profit (loss) recognized in the current period
				End of current period	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	\$ 623,025	\$ 11,585	\$ 11,837
	Giant Star Trading Co.	Taichung City	Trading of chemical raw materials	16,367	97,367	4,500	100	46,084	737	737
	CHEM-MAT	Nantou County	Wholesale of coating, pigments, and industrial catalyst	111,484	111,484	7,199	100	115,318	(2,678)	(2,505)
	U-BEST	Vietnam	Production and sales of PU resin and adhesives	132,314	132,314	-	100	165,477	10,229	9,081
	TOPWELL	Thailand	Synthetic resin trading business	76,201	76,201	8,000	100	32,967	(7,408)	(7,299)
NEOLITE	SUCCESS	Samoa	Financial investment and international trade	185,064	185,064	5,000	100	158,229	(2,073)	(4,583)
	LIBERTY BELL	British Virgin Islands	Financial investment and international trade	563,243	563,243	21,000	100	625,972	11,540	(Note)
	SUNYAD	Vietnam	Manufacturing and sales of PU synthetic leather products	185,064	185,064	-	100	52,168	(2,073) (USD 65)	(Note)

Note: Not applicable.

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

Investments in Mainland China

January 1 to June 30, 2024

Table 5

Unit: In thousands of NTD or foreign currencies

Information on Investments in Mainland China	Main Business Items	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan, beginning	Investment Amount Remitted or Recovered in the Current Period		Accumulated Investment Amount Remitted from Taiwan at the End of the Period (Note 2)	Investee Profit or Loss for the Period	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) Recognized for the Period (Note 3)	Carrying Amount of Investment at the End of the Period	Accumulated Repatriation of Investment Income, Ending
					Outward	Inward						
Dongguan Baojian Company	Production and sales of PU resin	\$ 512,818 RMB 120,789	(Note 1)	\$ 244,425 USD 7,576	\$ -	\$ -	\$ 244,425 USD 7,576	\$ 11,558 RMB 2,614	100%	\$ 11,558 RMB 2,614	\$ 624,886 RMB 140,582	\$ -
TOPCO	Wholesale of chemical products	38,922 RMB 8,053	(Note 1)	26,450 USD 820	-	-	26,450 USD 820	(7,138) (RMB 1,617)	100%	(7,138) (RMB 1,617)	73,377 RMB 16,508	162,194 RMB 35,789
LEADERSHIP SHANGHAI	Wholesale of chemical products	15,400 RMB 3,474	(Note 1)	15,400 USD 500	-	-	15,400 USD 500	(1,535) (RMB 349)	100%	(1,535) (RMB 349)	(2,678) (RMB 602)	-

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

Note1: Investments in mainland China were through companies established in the third region.

Note2: Including investment in equipment and expertise, but not including the surplus of investment in China's investment business, and reinvestment of investment in the third region.

Note 3: The financial statements of the investee were audited by the ROC parent company’s CPA during the same period.

Note 4: Investment of US\$29,126 thousand was authorized by the Investment Commission, MOEA, not including the surplus of investment in China's investment business, and reinvestment of investment in the third region (NEOLITE) of US\$ 5,591 thousand.

Note 5: In accordance with “Principle of Examination on Investment or Technical Cooperation in Mainland China” stipulated by the Investment Commission, MOEA on August 29, 2008, the Company obtained the scope certificate for the headquarters issued by the Industrial Development Bureau, MOEA, with no upper limit for the investment amount in mainland China.

Evermore Chemical Industry Co., Ltd.

Information on principal shareholders

June 30, 2024

Table 6

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

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