Stock Code: 1735

Evermore Chemical Industry Co., Ltd.

Parent company only financial statements and Independent Auditor's Report

2023 and 2022

Address: No. 7, Gongye S. 2nd Rd., Nantou City, Nantou County 540, Taiwan (R.O.C.)
Tel.: (049)2255357

§Table of Contents§

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:

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

The main source of the Company's revenue is the sales of resins, and the sales locations are mainly located in markets such as Asia. In the operating revenue in2923, 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 Shenzi 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 Amount	%	December 31, 2022 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	6,754	-	7,504	1
11XX	Total current assets	745,936	24	809,407	26
	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	852	-	909	-
15XX	Total non-current assets	2,399,638	76	2,364,194	74
1XXX	TOTAL	$ 3,145,574	100	$ 3,173,601	100

Code	LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	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	8,351	-	10,608	-
21XX	Total current liabilities	1,290,002	41	1,233,267	39
	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)	29,725	1	33,635	1
25XX	Total non-current liabilities	357,918	11	444,835	14
2XXX	Total liabilities	1,647,920	52	1,678,102	53
	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	(13,937)	-	3,758	-
3XXX	Total equity	1,497,654	48	1,495,499	47
	TOTAL	$ 3,145,574	100	$ 3,173,601	100

The attached notes form part of this parent-company only financial report

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

Evermore Chemical Industry Co., Ltd.
STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2023 and 2022
Unit: NTD Thousand, Except Earnings Per Share

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	NET SALES REVENUES (Notes IV and XXII)	$ 1,478,090	100	$ 1,882,582	100
5000	OPERATING COSTS (Notes IX, XVII and XXII)	1,258,453	85	1,679,993	89
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	4,166	-	1,840	-
5950	REALIZED GROSS PROFIT	222,033	15	200,263	11
	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)	501	-	(2,696)	-
6000	Total operating expenses	166,625	11	180,357	10
6900	OPERATING PROFIT	55,408	4	19,906	1
	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

(Continued)

(Continued from previous page)

Code		2023 Amount	2023 %	2022 Amount	2022 %
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 (Note XVI)	Capital Surplus (Note XVI)	Retained earnings (Note XVI) Statutory reserve	Retained earnings (Note XVI) Special Reserve	Retained earnings (Note XVI) Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations	Total Equity
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	-	-	-	-	-	28,071	28,071
D5	Total comprehensive income for 2022	-	-	-	-	35,210	28,071	63,281
Z1	Balance on December 31, 2022	993,880	98,017	223,032	24,313	152,499	3,758	1,495,499
	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	-	-	-	-	-	(17,695)	(17,695)
D5	Total comprehensive income for 2023	-	-	-	-	75,215	(17,695)	57,520
Z1	Balance on December 31, 2023	$ 993,880	$ 98,017	$ 226,553	$ -	$ 193,141	($ 13,937)	$ 1,497,654

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	206,712	193,791

(Continued)

(Continued from previous page)

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	(94,427)	(70,670)
	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	(49,694)	-
CCCC	Net cash flow used in financing activities	(145,068)	(173,629)
EEEE	Decrease in cash and cash equivalents	(32,783)	(50,508)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	85,540	136,048
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 52,757	$ 85,540

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 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. <u>CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY</u>

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.

<u>Major sources of estimation and assumption uncertainty - Provision for impairment of financial assets</u>

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

	December 31, 2023	December 31, 2022
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	-
	$ 52,757	$ 85,540

VII. Financial assets measured at amortized cost - current

	December 31, 2023	December 31, 2022
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

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

(I) Notes receivable

The aging of notes receivable was as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 55,865	$ 67,851
Past due	-	-
Total	$ 55,865	$ 67,851

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

(II) Accounts receivable

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

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

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

The allowance for loss on accounts receivable measured by the Company are as follows:

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
December 31, 2023					
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	$ 303,888	$ 1,687	$ -	$ -	$ 305,575
December 31, 2022					
Expected credit loss rate (%)	0-1	0-2	0-50	100	
Total carrying amount	$ 237,618	$ 5,281	$ 24,297	$ 28,073	$ 295,269
Allowance for loss (Expected credit loss during the period)	(358)	(45)	(36)	(28,073)	(28,512)
Amortized cost	$ 237,260	$ 5,236	$ 24,261	$ -	$ 266,757

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	$ 29,013	$ 28,512

IX. Inventories

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

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
	$ 1,258,453	$ 1,679,993

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	$ 1,188,717	$ 1,167,342

	December 31, 2023		December 31, 2022	
Investee company name	Amount	Shareholding	Amount	Shareholding
Unlisted Companies				
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）	40,944	100%	36,021	100%
	$ 1,188,717		$ 1,167,342	

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
Cost						
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	$ 661,263	$ 384,048	$ 875,030	$ 11,303	$ 241,745	$ 2,173,389
Accumulated depreciation						
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	$ -	$ 181,658	$ 719,395	$ 10,971	$ 173,695	$ 1,085,719
Net end-of-year amount	$ 661,263	$ 202,390	$ 155,635	$ 332	$ 68,050	$ 1,087,670

2022	Land	Building	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at Beginning of Year	$ 661,263	$ 356,828	$ 792,667	$ 11,303	$ 211,456	$ 2,033,517
Add	-	1,595	21,133	-	20,048	42,776
Disposal	-	-	(2,263)	-	(249)	(2,512)
Reclassified	-	6,428	45,796	-	6,184	58,408
Balance at End of Year	$ 661,263	$ 364,851	$ 857,333	$ 11,303	$ 237,439	$ 2,132,189
Accumulated depreciation						
Balance at Beginning of Year	$ -	$ 152,912	$ 654,929	$ 9,765	$ 145,431	$ 963,037
Add	-	13,980	33,469	635	15,997	64,081
Disposal	-	-	(2,240)	-	(227)	(2,467)
Balance at End of Year	$ -	$ 166,892	$ 686,158	$ 10,400	$ 161,201	$ 1,024,651
Net end-of-year amount	$ 661,263	$ 197,959	$ 171,175	$ 903	$ 76,238	$ 1,107,538

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

Building	
Main building of the factory premises	25 to 50 years
Additional project	2-50 years
Machinery and equipment	2-12 years
Transportation equipment	5 years
Other equipment	
Office equipment	2-8 years
Landscape gardening	15 years
Others	2-20 years

Property, plant, and equipment pledged as collateral for bank borrowings is set out in Note XXIII.

XII. Lease arrangements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Building	$ 33,307	$ 37,345

	2023	2022
Increases in right of use assets	$ -	$ 40,373
Depreciation expenses of right-of-use assets		
Building	$ 4,038	$ 3,028

(II) Lease liabilities

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

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

	December 31, 2023	December 31, 2022
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

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

XIII. BORROWINGS

(I) Short-term bank borrowings

	December 31, 2023	December 31, 2022
Credit loans	$ 350,000	$ 510,000
Secured borrowings	477,000	290,000
Letter of credit loans	15,683	9,852
	$ 842,683	$ 809,852
Rates of interest per annum (%)		
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)
	$ 39,939	$ 109,860
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	96,617	150,617
	376,617	430,617
Less: Current portion	(91,500)	(54,000)
Long-term borrowings	$ 285,117	$ 376,617
Rates of interest per annum (%)		
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	23,190	17,750
	$ 72,855	$ 67,911

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

(II) Capital surplus

	December 31, 2023	December 31, 2022
Issuance of common shares	$ 70,860	$ 70,860
Treasury share transactions	27,157	27,157
	$ 98,017	$ 98,017

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

(III) Retained earnings and dividends policy

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

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

An appropriation of earnings to 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	16,019	17,570
	$ 71,647	$ 67,109
Summarization of amortization expenses by function		
Operating costs	$ 361	$ 346
Operating expenses	1,153	971
	$ 1,514	$ 1,317

(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	7,299	7,956
Total employee benefit expenses	$ 194,442	$ 193,718
Summarization by function		
Operating costs	$ 109,064	$ 108,872
Operating expenses	85,378	84,846
	$ 194,442	$ 193,718

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	$ 17,324	$ 8,553

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	$ 17,324	$ 8,553

(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
Deferred tax assets				
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
	$ 17,975	$ 6,581	$ 384	$ 24,940
Deferred tax liabilities				
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)	-	-
	$ 34,583	$ 11,201	($ 2,708)	$ 43,076

2022	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of Year
Deferred tax assets				
Temporary differences				
Inventory write-downs	$ 1,738	$ 189	$ -	$ 1,927
Investment accounted for using the equity method	10,602	(1,795)	-	8,807
Allowance for losses	5,223	(247)	-	4,976
Exchange differences on translating the financial statements of foreign operations	4,404	-	(3,769)	635
Others	2,475	(845)	-	1,630
	$ 24,442	($ 2,698)	($ 3,769)	$ 17,975
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 26,383	$ 1,348	$ -	$ 27,731
Exchange differences on translating the financial statements of foreign operations	2,730	-	2,869	5,599
Others	-	1,253	-	1,253
	$ 29,113	$ 2,601	$ 2,869	$ 34,583

(III) Income tax assessments

The tax collection authority approved the Profit-seeking Enterprise Income Tax Return case for the Company through 2019.

XXIX. Earnings per share

Unit: NT$ per share

	2023	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

Unit: Thousand 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

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

XX. CAPITAL MANAGEMENT

The Company manages its capital to ensure it will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity 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

	December 31, 2023	December 31, 2022
Financial assets		
Disposal of financial assets measured at amortized cost (Note 1)	$ 455,957	$ 443,576
Financial liabilities		
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
December 31, 2023			
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	277,439	242,500	-
	$ 1,264,375	$ 302,195	$ 13,876
December 31, 2022			
Non-interest bearing liabilities	$ 236,801	$ -	$ -
Lease liabilities	4,270	17,078	18,146
Variable interest rate liabilities	449,852	150,617	-
Fixed interest rate liabilities	469,860	280,000	-
	$ 1,160,783	$ 447,695	$ 18,146

XXII. Related party transactions

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

(I) Related party name and category

Name of related party	Related Party Category
AICA	The Company's parent
PT. PT. AICA INDRIA (PT. AICA)	Fellow subsidiary
AICA NEW ZEALAND Ltd. （AICA NEW ZEALAND）	Fellow subsidiary
Shenyang AICA-HOPE Kogyo Co., Ltd.	Fellow subsidiary
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

Accounts	Related Party Category	2023	2022
Sales	Subsidiary	$ 288,467	$ 323,402
	Parent company	149,045	119,678
	Other related parties	1,752	1,966
	Fellow subsidiary	279	1,026
		$ 439,543	$ 446,072
Purchases of goods	Parent company	$ 3,342	$ 2,032
	Subsidiary	3,257	12,664
		$ 6,599	$ 14,696
Other revenue	Parent company	$ 974	$ 979
	Subsidiary	414	446
	Fellow subsidiary	209	-
		$ 1,597	$ 1,425

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	$ 989	$ 810
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	293	437
		$ 117,228	$ 102,575
Other receivables	Subsidiary		
	TOPWELL	$ 15,630	$ 1,006
	Others	211	39
	Fellow subsidiary	251	-
		$ 16,092	$ 1,045

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	682	616
		$ 1,671	$ 3,547
Other payables	Subsidiary	$ 999	$ 506

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

Related Party Category/Name	December 31, 2023	December 31, 2022
Subsidiary		
TOP	$ 12,856	$ -

Related Party Category/Name	2023	2022
Interest income		
Subsidiary		
TOP	$ 294	$ -
U-BEST	-	108
	$ 294	$ 108

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	244	243
	$ 12,927	$ 11,690

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	16,853	16,855
	$ 459,743	$ 467,143

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	$ 22,771	$ 36,300

XXV. The significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the currencies other than the Company's functional currencies, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant assets and liabilities denominated in foreign currencies:

	December 31, 2023		
Financial assets	Foreign currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 8,762	30.705 (USD:NTD)	$ 269,037
Financial liabilities			
Monetary items			
USD	2,079	30.705 (USD:NTD)	63,836

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

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 (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	Subsidiary	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
INFORMATION ON INVESTEES
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.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Evermore Chemical Industry Co., Ltd.
STATEMENT OF CASH AND CASH EQUIVALENTS
December 31, 2023

STATEMENT 1

Unit: In NTD Thousand, unless Otherwise Specified

Item	Amount
Cash on hand and petty cash	$ 40
Cash in banks	
Foreign deposits (Note)	46,890
Time deposits	3,084
Demand deposits	2,732
Checking accounts	11
	52,717
	$ 52,757

Note: Including US$1,527 thousand (US$1=NT$30.705).

Evermore Chemical Industry Co., Ltd.
STATEMENT OF NOTES RECEIVABLE
December 31, 2023

2 Unit: NTD thousand

Client Name	Amount
Unrelated parties	
HEYO ENTERPRISES CO., LTD.	$ 8,327
SUMMITEX ENTERPRISE CO., LTD.	5,388
YINGSHUN TECHNOLOGY CO., LTD.	3,426
LIDYE CHEMICAL CO., LTD.	3,313
GOLDEN CHEMICAL CORP.	3,158
OTHERS (Note)	31,264
	54,876
Related party	
GIANT STAR TRADING CO.	989
	$ 55,865

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Evermore Chemical Industry Co., Ltd.
STATEMENT OF TRADE RECEIVABLES
December 31, 2023

3 Unit: NTD thousand

Client Name	Amount
Unrelated parties	
SHANGHAI OCT IMP.&EXP. COMPANY LIMITED	$ 28,623
SHAN HUA PLASTIC INDUSTRIAL CO., LTD	16,345
COVESTRO (TAIWAN) LTD.	13,011
JPT CORPORATION	11,272
ESE INDUSTRIES (S) PTE LTD.	10,412
HSIN MEI KUANG CO., LTD	9,650
OTHERS (Note)	128,047
	217,360
Less: Loss allowance	(29,013)
	$ 188,347

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Evermore Chemical Industry Co., Ltd.
STATEMENT OF INVENTORIES
December 31, 2023

4 Unit: NTD thousand

Item	Cost	Market Price
Finished goods	$ 173,098	$ 250,114
Merchandise	181	181
Raw materials and supplies	110,798	112,089
	$ 284,077	$ 362,384

Note: The inventories are stated at the lower cost or net realizable value, and they were compared item by item.

Evermore Chemical Industry Co., Ltd.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
January 1 to December 31, 2023

5

Unit: In NTD Thousand, Unless Otherwise Specified

Net Income (Loss) of	Amount at Beginning of Year			Capital gains tax	Share of Profit (Loss) of Subsidiaries and Associates in Using the Equity Method	Exchange differences on translating the financial statements of foreign operations	Unrealized profit or loss	Balance at End of Year			Net Assets Value	Collateral
	Number of Shares	Ownership (%)	Amount					Number of Shares	Ownership (%)	Amount		
NEOLITE	13,059	100	$ 569,480	$ -	$ 37,117	($ 14,337)	$ 1,897	13,059	100	$ 594,157	$ 596,935	None.
SUCCESS	5,000	100	163,827	-	(9,760)	56	-	5,000	100	154,123	51,349	None.
U-BEST	-	100	142,841	-	17,081	(4,602)	-	-	100	155,320	87,939	None.
GIANT STAR TRADING CO.	12,600	100	135,410	(5,671)	(1,295)	(2,104)	-	12,600	100	126,340	126,346	None.
CHEM-MAT	7,199	100	119,763	-	(2,407)	(22)	499	7,199	100	117,833	119,350	None.
TOPWELL	8,000	100	36,021	-	4,701	222	s -	8,000	100	40,944	14,916	None.
			$ 1,167,342	($ 5,671)	$ 45,437	($ 20,787)	$ 2,396			$ 1,188,717	$ 996,835	

Evermore Chemical Industry Co., Ltd.
Statement of changes in right-of-use assets
January 1 to December 31, 2023

6

Unit: NTD thousand

	Balance at Beginning of Year	Additions for the year	Balance at End of Year
Cost			
Building	$ 40,373	$ -	$ 40,373
Accumulated depreciation			
Building	3,028	$ 4,038	7,066
	$ 37,345		$ 33,307

Evermore Chemical Industry Co., Ltd.
STATEMENT OF SHORT-TERM BANK BORROWINGS
December 31, 2023

7 Unit: NTD thousand

Borrowing Types and Banks	Maturity Date	Interest Rates (%)	Total
Credit loans			
MUFG Bank - Taipei Branch	113.03.29	1.86	$ 200,000
Taipei Fubon Bank Commercial Finance Division	113.06.05	1.80	150,000
			350,000
Secured borrowings			
Bank of Taiwan - Nantou Branch	113.07.25	1.80	180,000
Mega International Commercial Bank - Nantou Branch	112.12.31-113.03.28	1.80-1.85	187,000
CHANG HWA BANK - Nantou Branch	113.12.25	1.85	110,000
			477,000
Letter of credit loans			
Bank of Taiwan - Nantou Branch (Note 1)	113.04.01-113.05.11	8.80	9,462
CHB Nan Tou Branch (Note II)	113.05.26-113.06.04	7.10	6,221
			15,683
			$ 842,683

Note I: Including US$308 thousand (US$1=NT$30.705).
Note II: Including US$203 thousand (US$1=NT$30.705).

Evermore Chemical Industry Co., Ltd.
STATEMENT OF NOTES PAYABLE
December 31, 2023

8 Unit: NTD thousand

Vendor Name	Amount
Unrelated parties	
DOW CHEMICAL TAIWAN LIMITED	$ 1,112
YONG SHUN CHEMICAL CO., LTD.	914
DELOITTE TAIWAN	504
OTHERS (NOTE)	536
	$ 3,066

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Evermore Chemical Industry Co., Ltd.
STATEMENT OF ACCOUNTS PAYABLES
December 31, 2023

9 Unit: NTD thousand

Vendor Name	Amount
Unrelated parties	
ESTCHEM CO., LTD.	$ 30,110
CHI MEI TRADING CO., LTD., Taichung Branch	14,578
HSIN MEI LI TECHNOLOGY CO., LTD.	10,791
OTHERS (Note)	152,912
	208,391
Related party	
GIANT STAR TRADING CO.	766
AICA	682
CHEM-MAT	223
	1,671
	$ 210,062

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Evermore Chemical Industry Co., Ltd.
STATEMENT OF LONG-TERM BANK BORROWINGS
December 31, 2023

10

Unit: NTD thousand

Borrowing Types and Banks	Maturity Date	Interest Rates (%)	Current Portion of Long-term Borrowings	Long-term borrowings	Total	Collateral
Secured borrowings						
BANK OF TAIWAN - Nantou Branch	Maturity in October 2025, starting in November 2020, monthly repayment in 60 installments	2.03	$ 20,000	$ 16,667	$ 36,667	Land and building
CHANG HWA BANK - Nantou Branch	Maturity in September 2025, starting in October 2020, monthly repayment in 60 installments	2.01	6,000	4,500	10,500	Land and building
	Maturity in December 2025, starting in January 2021, monthly repayment in 60 installments	2.01	13,800	13,800	27,600	Land and building
	Maturity in September 2025, starting in October 2020, monthly repayment in 60 installments	2.01	5,200	3,900	9,100	Land and building
MEGA INTERNATIONAL COMMERCIAL BANK - Nantou Branch	Maturity in May 2025, starting in June 2020, monthly repayment in 60 installments	1.94	9,000	3,750	12,750	Land and building
Credit loans						
MUFG BANK - Taipei Branch	Maturity in June 2026, starting in July 2021, monthly repayment in 60 installments	1.15	37,500	242,500	280,000	—
			$ 91,500	$ 285,117	$ 376,617	

Evermore Chemical Industry Co., Ltd.
STATEMENT OF NET REVENUE
January 1 to December 31, 2023

11 Unit: NTD thousand

Item	Quantity (Ton)	Amount
PU synthetic resin	About 12,705	$ 1,322,547
PE resin	About 1,471	89,614
Others	About 762	76,324
		1,488,485
Less: Sales return		(7,064)
Sales discount		(3,331)
Net revenue		$ 1,478,090

Evermore Chemical Industry Co., Ltd.
STATEMENT OF COST OF REVENUE
January 1 to December 31, 2023

12 Unit: NTD thousand

Item	Amount	
Raw material at beginning of year	$ 172,828	
Raw material purchased	866,103	
Raw material at end of year	(108,013)	
Sale of raw material	(50,925)	
Others	(7,769)	
Raw material used		$ 872,224
Material, beginning of year	3,415	
Raw material purchased	56,280	
Material, end of year	(3,507)	
Others	(55,880)	
Material used		308
Direct labor		96,663
Manufacturing expenses		191,455
Manufacturing cost		1,160,650
Finished goods at beginning of year		202,947
Raw material purchased		721
Finished goods at end of year		(195,238)
Others		(1,741)
Cost of finished goods		1,167,339
Merchandise at beginning of year	2,254	
Merchandise purchased	9,243	
Merchandise at end of year	(181)	
Others	(1,088)	
Cost of merchandise		10,228
Cost of goods sold of raw material		50,925
Inventory write-downs		(2,037)
Revenue from sale of scraps		(1,525)
Unallocated production overhead		31,594
Other costs		1,929
Operating costs		$ 1,258,453

Evermore Chemical Industry Co., Ltd.
STATEMENT OF OPERATING EXPENSES
January 1 to December 31, 2023

13 Unit: NTD thousand

	Selling and marketing expenses	Management expenses	Research and development expenses
Payroll	$ 10,554	$ 38,876	$ 23,727
Freight	18,556	-	2
Depreciation expense	1,026	7,882	7,111
Professional service fees	11,182	3,793	894
Others	12,028	19,670	10,823
	$ 53,346	$ 70,221	$ 42,557