Yong Shun Chemical Co., Ltd.

Parent Company Only Financial Statements and Independent Auditor's Report

2023 and 2022

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Independent Auditor's Report

To Yong Shun Chemical Co., Ltd.:

Opinion

We have duly audited the individual balance sheet as of December 31, 2023 and 2022, and the individual comprehensive income statement, individual statement of changes in equity and individual cash flow statement from January 1 to December 31, 2023 and 2022 as well as notes to the individual financial statements (including the summary of significant accounting policies) of Yong Shun Chemical Co., Ltd.

In our opinion, the individual financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and are fairly stated in terms of the individual financial position of Yong Shun Chemical Co., Ltd. as of December 31, 2023 and 2022, and the individual financial performance and individual cash flow from January 1 to December 31, 2023 and 2022.

Basis for Opinion

Certified Public Accountants conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements using auditing principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the CPA code of ethics and maintained independence from Yong Shun Chemical Co., Ltd. when performing their duties. We believe that the evidence obtained provides an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 individual financial statements of Yong Shun Chemical Co., Ltd. These issues were addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

The key audit items of the individual financial statements of Yong Shun Chemical Co., Ltd. for 2023 are as follows:

Key audit matter: Authenticity of sales, revenue and shipment to specific customers

Yong Shun Chemical Co., Ltd. are mainly engaged in the design, development, and manufacturing of resin products. Since changes in the major customers have a significant impact on the financial statements, and sales revenue is inherently subject to a high degree of risk, we have identified customers meeting specific criteria, and assessed the authenticity of the sales revenue transactions for these customers as a key audit matter. For the accounting policies and the information disclosed related to the revenue recognition, please refer to Notes 4 and 21 to the parent company only financial statements.

In response to the above important matters, the main audit procedures implemented by the CPAs are as follows:

1. Understanding and testing the revenue recognition of a specific sales target is critical to the design and execution of internal control.
2. For the aforementioned specific sales target revenue details, select the sample to check the relevant supporting documents and test the collection status to confirm that the sales transaction actually occurred.
3. We review whether material sales returns and discounts have occurred after the balance sheet date, in order to confirm whether there is material misstatement in the revenue of specific sales targets.

Responsibilities of the Management and Those Charged with Governance for Parent Company Only Financial Statements

Responsibilities of the management were to prepare and ensure fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and to exercise proper internal control practices that are relevant to the preparation of the parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing the parent company only financial statements also involved: assessing the ability of Yong Shun Chemical Co., Ltd. to operate, disclose information, and account for transactions as an ongoing concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance units (including the Audit Committee) of Yong Shun Chemical Co., Ltd. are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risk of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal controls, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtaining necessary understanding of internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing an opinion on the effectiveness of internal control system of Yong Shun Chemical Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as an ongoing concern, and whether there are doubts or uncertainties about the ability of Yong Shun Chemical Co., Ltd. to continue operating, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes of statements within our audit report if material uncertainties exist in regards to the aforementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or change of circumstances may still render Yong Shun Chemical Co., Ltd. no longer capable of continuing operations.
5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within Yong Shun Chemical Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of the Company's audits, and for forming an audit opinion of the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal controls identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the parent company only financial statements from the year ended December 31, 2023 of Yong Shun Chemical Co., Ltd. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because they may cause higher negative effects than the benefits they bring to public interest.

Deloitte Taiwan

CPA Weng, Po-Jen

CPA Hsueh, Chun-Min

Financial Supervisory Commission approval number
Letter referenced Jin-Guan-Cheng-Shen Zi No. 1010028123

Financial Supervisory Commission approval number
Letter referenced Jin-Guan-Cheng-Shen Zi No. 1090358185

March 28, 2024

Yong Shun Chemical Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and December 31, 2022

Unit: NTD thousands

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 6 and 27)	$ 350,423	30	$ 327,373	27
1136	Financial assets measured at amortized costs - current (Notes 8, 9 and 27)	99,000	8	99,000	8
1150	Net notes receivable (Notes 10, 21 and 27)	37,185	3	34,415	3
1160	Notes receivable - related parties (Notes 10, 21, 27 and 28)	16,330	1	32,611	3
1170	Net accounts receivable (Notes 10, 21 and 27)	89,415	8	82,716	7
1180	Accounts receivable - related parties (Notes 10, 21, 27 and 28)	2,661	-	8,488	1
130X	Inventory (Note 11)	158,267	13	179,856	15
1410	Prepayments	2,302	-	1,993	-
1476	Income tax assets of the period (Note 23)	8,494	1	8,274	1
1479	Other current assets - others (Note 15)	545	-	82	-
11XX	Total current assets	764,622	64	774,808	65
	Non-current assets				
1550	Investment by the equity method (Note 12)	60,246	5	62,558	5
1600	Property, plant and equipment (Notes 13, 25 and 29)	343,016	29	326,216	28
1780	Intangible assets	1,272	-	38	-
1840	Deferred income tax assets - non-current (Note 23)	17,947	2	22,701	2
1920	Refundable deposits (Note 27)	210	-	210	-
1990	Other non-current assets - others	405	-	-	-
15XX	Total non-current assets	423,096	36	411,723	35
1XXX	Total assets	$ 1,187,718	100	$ 1,186,531	100
Code	Liabilities and equity				
	Current liabilities				
2110	Short-term notes payable (Notes 16, 25 and 27)	$ 32,130	3	$ 12,714	1
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 27)	1,241	-	344	-
2130	Contractual liabilities - current (Note 21)	114	-	6,093	-
2150	Notes payable (Notes 17 and 27)	3,797	-	3,392	-
2170	Accounts payable (Notes 17 and 27)	19,847	2	23,006	2
2219	Other payables (Notes 18, 25 and 27)	22,865	2	20,386	2
2399	Other current liabilities	355	-	310	-
21XX	Total current liabilities	80,349	7	66,245	5
	Non-current liabilities				
2570	Deferred income tax liabilities (Note 23)	47,041	4	45,841	4
2640	Net defined benefit liabilities - non-current (Note 19)	6,213	-	10,466	1
25XX	Total non-current liabilities	53,254	4	56,307	5
2XXX	Total liabilities	133,603	11	122,552	10
	Equity (Note 20)				
	Share capital				
3110	Common stock	610,560	51	610,560	51
3200	Capital surplus	53,309	5	53,309	5
	Retained earnings				
3310	Legal reserve	210,483	18	210,483	18
3320	Special reserve	98,028	8	98,028	8
3350	Undistributed retained earnings	81,735	7	91,599	8
3300	Total retained earnings	390,246	33	400,110	34
3XXX	Total equity	1,054,115	89	1,063,979	90
	Total liabilities and equity	$ 1,187,718	100	$ 1,186,531	100

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

Chairman: Tsai, Cheng-Fung Manager: Lin, Cheng-Chien Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Comprehensive Income
For the years ended December 31, 2023 and December 31, 2022
Unit: NTD thousands, except earnings (losses) per share which is in NTD

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 21 and 28)	$ 650,092	100	$ 974,263	100
5000	Operating costs (Notes 11 and 22)	(557,202)	(86)	(937,046)	(96)
5900	Operating margin	92,890	14	37,217	4
5910	Unrealized gains from subsidiaries, affiliated enterprises and joint ventures	(79)	-	(6)	-
5920	Realized gains from subsidiaries, affiliated enterprises and joint ventures	6	-	414	-
5950	Realized gross profit from operations	92,817	14	37,625	4
	Operating expenses (Note 22)				
6100	Selling expenses	(27,181)	(4)	(30,219)	(3)
6200	Administrative expenses	(36,980)	(6)	(32,879)	(3)
6300	Research and development expenses	(5,568)	(1)	(5,569)	(1)
6450	Expected credit (impairment loss) reversal gain	(1,598)	-	4,060	-
6000	Total operating expenses	(71,327)	(11)	(64,607)	(7)
6900	Operating income (loss)	21,490	3	(26,982)	(3)
	Non-operating income and expenses (Notes 22, 28 and 31)				
7100	Interest income	4,373	1	2,002	1
7010	Other income	116	-	675	-
7020	Other gains and losses	562	-	128	-
7070	Share of gains or losses of subsidiaries, affiliated enterprises and joint ventures by the equity method	(2,239)	-	1,021	-
7050	Finance costs	(41)	-	(183)	-
7000	Total non-operating income and expenses	2,771	1	3,643	1

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net income before tax (loss)	$ 24,261	4	($ 23,339)	(2)
7950	Income tax income (expense) (Note 23)	(5,883)	(1)	4,148	-
8200	Net profit (loss) for the year	18,378	3	(19,191)	(2)
	Other comprehensive income (Notes 19 and 23)				
	Items not reclassified into profit or loss:				
8311	Remeasurement of defined benefit obligation	2,857	-	5,691	-
8341	Income tax related to items not reclassified	(571)	-	(1,138)	-
8310		2,286	-	4,553	-
8300	Other comprehensive income of the period (net after tax)	2,286	-	4,553	-
8500	Comprehensive income of the period	$ 20,664	3	($ 14,638)	(2)
	Earnings (losses) per share (Note 24)				
9750	Basic	$ 0.30		($ 0.31)	
9850	Diluted	$ 0.30		($ 0.31)	

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

Chairman: Tsai, Cheng-Fung Manager: Lin, Cheng-Chien Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2023 and December 31, 2022

Unit: NTD thousands

Code		Share capital			Retained earnings			
		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Total equity
A1	Balance on January 1, 2022	61,056	$ 610,560	$ 53,309	$ 202,902	$ 98,028	$ 174,874	$ 1,139,673
	Earnings distribution for 2021							
B1	Legal reserve	-	-	-	7,581	-	(7,581)	-
B5	Shareholders' cash dividends	-	-	-	-	-	(61,056)	(61,056)
D1	Net loss for 2022	-	-	-	-	-	(19,191)	(19,191)
D3	Other after-tax comprehensive income of 2022	-	-	-	-	-	4,553	4,553
D5	Total comprehensive income of 2022	-	-	-	-	-	(14,638)	(14,638)
Z1	Balance on December 31, 2022	61,056	610,560	53,309	210,483	98,028	91,599	1,063,979
	Earnings distribution for 2022							
B5	Shareholders' cash dividends	-	-	-	-	-	(30,528)	(30,528)
D1	Net profit for 2023	-	-	-	-	-	18,378	18,378
D3	Other after-tax comprehensive income of 2023	-	-	-	-	-	2,286	2,286
D5	Total comprehensive income of 2023	-	-	-	-	-	20,664	20,664
Z1	Balance on December 31, 2023	61,056	$ 610,560	$ 53,309	$ 210,483	$ 98,028	$ 81,735	$ 1,054,115

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

Chairman: Tsai, Cheng-Fung   Manager: Lin, Cheng-Chien   Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Cash Flow
For the years ended December 31, 2023 and December 31, 2022

Unit: NTD thousands

Code		2023	2022
	Cash flow from operating activities		
A10000	Net income (loss) before tax	$ 24,261	($ 23,339)
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	7,230	7,569
A20200	Amortization expenses	93	50
A20300	Expected credit impairment loss (reversal gain)	1,598	(4,060)
A20400	Net loss of financial liabilities at fair value through profit or loss	897	160
A20900	Finance costs	41	183
A22400	Share of gains or losses of subsidiaries, affiliated enterprises and joint ventures by the equity method	2,239	(1,021)
A21200	Interest income	(4,373)	(2,002)
A22500	Gain on disposal of property, plant, and equipment	(40)	(178)
A23700	Loss (recovery gain) on decline in value of inventories	(18,085)	20,683
A23900	Unrealized gains from subsidiaries, affiliated enterprises and joint ventures	79	6
A24000	Realized gains from subsidiaries, affiliated enterprises and joint ventures	(6)	(414)
A29900	Inventory scrapping loss	622	1,254
A30000	Net change of operating assets and liabilities		
A31130	Notes receivable	13,511	(7,065)
A31150	Accounts receivable	(2,470)	97,266
A31200	Inventory	39,052	18,047
A31230	Prepayments	(309)	2,155
A31240	Other current assets	(450)	512
A32125	Contract liabilities - current	(5,979)	4,910
A32130	Notes payable	405	(1,125)
A32150	Accounts payable	(3,159)	(16,604)
A32180	Other payables	1,666	(6,581)
A32230	Other current liabilities	45	(34)
A32240	Net defined benefit liabilities	(1,396)	(1,206)
A33000	Cash from operations	55,472	89,166
A33100	Interest received	4,360	1,980

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Code		2023	2022
A33300	Interest paid	($ 41)	($ 183)
A33500	Income tax refundable	(720)	(23,524)
AAAA	Net cash inflow from operating activities	59,071	67,439
	Cash flow from investment activities		
B02700	Acquisition of property, plant and equipment	(23,217)	(6,057)
B04500	Acquisition of intangible assets	(1,327)	-
B02800	Proceeds from disposal of property, plant and equipment	40	178
B06700	Increase in other non-current assets	(405)	-
BBBB	Net cash outflow from investments	(24,909)	(5,879)
	Cash flow from financial activities		
C00100	Decrease in short-term borrowings	-	(913)
C00600	Increase (decrease) in short-term notes payable	19,416	(17,291)
C04500	Dividend payment	(30,528)	(61,056)
CCCC	Net cash outflow from financial activities	(11,112)	(79,260)
EEEE	Increase (decrease) in cash and cash equivalents	23,050	(17,700)
E00100	Cash and cash equivalents at the beginning of the year	327,373	345,073
E00200	Cash and cash equivalents at the end of the year	$ 350,423	$ 327,373

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

Chairman: Tsai, Cheng-Fung Manager: Lin, Cheng-Chien Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2023 and December 31, 2022
(NTD thousand, Unless Stated Otherwise)

I. Organization and Operations

Yong Shun Chemical Co., Ltd. (hereinafter referred to as "the Company") was established in July 1965, mainly engaged in the manufacturing and sales of multi-component resins, special coating resins and fiber auxiliaries as well as the manufacturing, processing and trading of various reinforced plastic-steel products, the manufacturing of the auxiliary raw materials, the purchase of raw materials, and the import and export of finished products.

The Company's stock has been traded on the Taipei Exchange of the Republic of China since February 1999.

The parent company only financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

This parent company only financial report was approved by the board meeting on March 11, 2024.

III. Application of new standards, amendments, and interpretations

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

When applying the amendments, the Company shall determine the material accounting policy information to be disclosed based on the definition of materiality. If accounting policy information can be reasonably expected to affect the decisions made by the main users of general-purpose financial statements based on these financial statements, the accounting policy information is material. Moreover:

- Accounting policy information related to non-material transactions, other matters, or circumstances that are non-material, and the Company is not required to disclose such information.
- The Company may determine the relevant accounting policy information to be material due to the nature of transactions, other matters, or circumstances, even if the amount is not material.
- Not all accounting policy information related to the significant transaction, other matters, or circumstances is material.

If the accounting policy information is related to material transactions, other matters, or circumstances while in line with the following circumstances, the information may be material:

(1) The Company changes its accounting policies during the reporting period, and the change results in a material change in financial statement information;
(2) The Company selects its applicable accounting policies from the options allowed by the standards;
(3) Due to the lack of specific standards, the Company has formulated accounting policies in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates";
(4) The Company discloses the accounting policies that are determined using significant judgments or assumptions; or
(5) Complicated accounting treatment rules are involved and the user of the financial statements relies on the information to understand significant transactions or other matters or circumstances.

Refer to Note 4 for related accounting policy information.

2. Amendments to IAS 8 "Definition of Accounting Estimates"

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as the currency amount affected by measurement uncertainty in the financial statements. When applying accounting policies, the Company may need to measure the items in the financial statements using the currency amount that cannot be observed directly and must be estimated. When measuring the effect of the changes in technique or input value on accounting estimates, they shall be the changes in accounting estimates if they are not the correction of the previous errors.

(II) FSC-approved IFRS Accounting Standards applicable from 2024 onwards

New/amended/revised standards and interpretations	Effective date announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liabilities under 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 Contractual Clauses"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the new/amended/ revised standards and interpretations above are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee should apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

<u>Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (Amended in 2020) and "Non-current Liabilities with Contractual Clauses" (Amended in 2022)</u>

Amended in 2020 to clarify that when determining whether a liability is classified as non-current, it is necessary to assess whether the Company has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If the Company has the right at the end of the reporting period, regardless of whether the Company expects to exercise the right, the liabilities are classified as non-current.

The 2020 amendments further specify that if the Company must comply with certain conditions before it has the right to defer payment of its liabilities, the Company must have complied with certain conditions at the end of the reporting period, even if the lender is testing whether the Company has complied with those conditions at a later date. The 2022 amendments further clarify that only the contractual terms that must be followed before the end of the reporting period will affect the classification of liabilities. Although the terms of the contract to be followed within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the Company may not be able to comply with the contractual terms and be required to make repayments within 12 months after the reporting period.

The 2020 amendments provide that, for the purpose of liability classification, the aforementioned settlement refers to the extinguishment of liabilities due to the transfer of cash, other economic resources, or equity instruments of the Company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty, resulting in the settlement of the equity instrument of the Company, and if the choice is separately recognized in equity according to IAS 32 "Financial Instruments: Presentation", the aforementioned clauses do not affect the classification of liabilities.

In addition to the impacts referred to above, as of the date the financial report was authorized for issue, the Company has assessed the possible impact that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(III) IFRS Accounting Standards issued by the IASB but not yet approved and released by the FSC

New/amended/revised standards and interpretations	Effective date announced by IASB (Note 1)
IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time 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 stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The Company shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Company recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

Except for the above impact, as of the date the financial report authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

In addition to financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the parent company only financial statements are prepared based on historical cost.

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 the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

The Company adopts the equity method for investment subsidiaries when preparing the parent company only financial statements. In order to make the current year's profit and loss, other comprehensive income and equity in the parent company only financial report identical to the current year's profit and loss, other comprehensive income and equity attributable to the owners of the Company in its parent company only financial statements, certain accounting treatment differences between the individual basis and the consolidated basis are handled by adjusting investments by the equity method, share of profit or loss of subsidiaries by the equity method, share of other comprehensive income of subsidiaries by the equity method, and related equity items.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date, and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date (long-term refinancing or rescheduled agreements completed after the balance sheet date and before the issuance of the financial report are also current liabilities), and
3. Liabilities that cannot be unconditionally deferred until at least 12 months after the balance sheet date. If the terms of the liability may be settled by issuing equity instruments at the choice of the counterparty, the classification will not be affected.

Assets or liabilities that are not classified as current assets or liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When the Company prepares the financial report, transactions in currencies other than the Company's functional currency (in foreign currencies) shall be converted into the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are converted at the closing rate on the balance sheet date. Exchange differences arising from the settlement of monetary items or the conversion of monetary items are recognized in profit or loss in the period they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are converted at the prevailing exchange rates on the date when the fair values are determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from changes in fair value that should be recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies measured at historical cost are converted at the exchange rates prevailing on the dates of transactions and are not re-converted.

When preparing the parent company only financial statements, the assets and liabilities of foreign operating institutions (including subsidiaries, affiliates, joint ventures or branches that operate in foreign countries or use currencies different from those of the Company) are converted into New Taiwan dollars at the exchange rate on each balance sheet date. Items of income and expenses are converted at the average exchange rate of the current period, and the resulting exchange differences are included in other comprehensive income.

(V) Inventory

Inventory includes raw materials, supplies, finished goods and work-in-progress. Inventories are measured at a lower cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested to completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VI) Investments in subsidiaries

The Company adopts the equity method to handle investments in subsidiaries.

Subsidiaries are entities over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the carrying amount after the acquisition increases or decreases with the Company's share of the subsidiary's profit and loss and other comprehensive income and profit distribution. In addition, changes in other equities that the Company can enjoy in subsidiaries are recognized in proportion to its shareholding.

When the change of the Company's ownership interest in the subsidiary does not lead to the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly as equity.

When assessing impairment, the Company considers the cash-generating units as a whole in the financial report and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as a profit, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount of the asset, before the recognition of the impairment loss, minus the carrying amount after amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated from the parent company only financial statements. Profits and losses arising from upstream and side-stream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent not related to the Company's interests in subsidiaries.

(VII) Property, plant, and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are de-recognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(VIII) Intangible assets

1. Single acquisition

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates. Intangible assets with uncertain useful lives are presented at cost less accumulated impairment losses.

2. Derecognition

When intangible assets are de-recognized, the difference between the net disposal price and the carrying amount of the assets is recognized in the current profit or loss.

(IX) Impairment loss of property, plant and equipment, and intangible assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to the group of minimum cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are not initially recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and de-recognized using trade date accounting.

(1) Type of measurements

The types of financial assets held by the Company are financial assets measured at amortized cost.

Financial assets measured at amortized costs

If the Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following two conditions are met:

A. It is held under an operating model in which financial assets are held for the purpose of receiving contractual cash flows; and

B. The terms of the contract give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables measured at amortized cost, and refundable deposits), after initial recognition, are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

A. For credit-impaired financial assets purchased or established, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

B. For financial assets that are not acquired or created but subsequently become impaired, interest income should be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties or defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivables are recognized as a loss provision based on the expected credit loss over the period of survival. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months. If there is a significant increase, a loss provision is recognized based on the expected credit loss over the remaining period.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the ongoing, expected credit loss represents the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

For the purpose of internal credit risk management, the Company, without taking into account the collateral held, determines that the following circumstances represent the default of financial assets:

A. There is internal or external information that indicates that the debtor is unlikely to be able to pay its debts.

B. Financial assets are more than 365 days past due, unless there is reasonable and supportable information indicating that the basis for delayed default is more appropriate.

All impairment losses on financial assets are reversed by reducing the carrying amount through the provision account. However, the loss provision on investments in debt instruments at fair value through other comprehensive income are recognized in other comprehensive income without reducing their carrying amount.

(3) De-recognition on financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When the financial asset is de-recognized as a whole at amortized cost, the difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive income are de-recognized as a whole, the difference between the carrying amount of the investments and the sum of the consideration received and any accumulated gain or loss recognized in other comprehensive income is recognized in profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are de-recognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

2. Financial liabilities

(1) Subsequent measurements

All financial liabilities are measured at amortized cost using the effective interest method, except for the following.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value, and gains or losses arising from their re-measurement are recognized in other gains and losses.

(2) De-recognition of financial liabilities

When a financial liability is de-recognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Derivatives

The derivative instruments entered into by the Company include forward foreign exchange contracts used to manage the Company's exchange rate risks.

Derivatives are initially recognized at fair value upon entering into derivative contracts and subsequently remeasured at fair value at the balance sheet date, with gains or losses arising from subsequent measurements recognized directly in profit or loss. However, for derivatives that are designated and are effective hedging instruments, the timing of their recognition in profit or loss will depend on the nature of the hedging. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives that are embedded in asset master contracts within the scope of IFRS 9, "Financial Instruments", are used as a whole to determine the classification of financial assets. A derivative is considered to be a separate derivative if it is embedded in a master contract of an asset that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(XI) Revenue recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

<u>Revenue from product sales</u>

Revenue from product sales is from the manufacturing and sale of multi-resins. The Company recognizes revenue when the product is delivered and control of ownership is transferred. Advance receipt of payments for the sale of goods are recognized as contract liabilities before the products are delivered.

(XII) Leases

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

<u>Company as lessee</u>

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets and short-term leases to which the recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease term.

(XIII) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that meet the criteria are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on the temporary investment from specific borrowings pending the occurrence of qualifying capital expenditures is deducted from the qualifying borrowing costs for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Payments to the defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest and re-measurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. The service cost (including the current service cost and previous service cost and settlement gains or losses) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. Re-measurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit asset must not exceed the present value of the refund of appropriation from the plan or of the reduction of future appropriation.

3. Severance benefits

The Company recognizes a severance benefit liability when it can no longer withdraw its offer of severance benefits, or recognizes the associated restructuring costs, whichever is earlier.

(XV) Income tax

Income tax expense represents the sum of the current tax payable and deferred tax.

1. Current tax payable

The Company determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are to be included in the current period's income tax.

2. Deferred tax

Deferred income tax is computed on temporary differences between the carrying amounts of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized for temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Income tax of the current period and deferred income tax

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

V. Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

In adopting accounting policies, the Company’s management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

Key Sources of Estimation Uncertainty

(I) Estimated impairment of financial assets

The provision for impairment of account receivables is based on assumptions on probability of default and loss given default. 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. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(II) Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 80	$ 80
Checking accounts and demand deposits	69,386	77,356
Cash equivalents		
Commercial paper	280,957	249,937
	$ 350,423	$ 327,373

VII. Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial liabilities - current		
Derivative instruments		
(not specified for hedging)		
- FX forward contracts	$ 1,241	$ 344

The FX forward contracts on the balance sheet date that are not subject to hedge accounting and have not yet matured are as follows:

	Currency	Maturity period	Contract amount (NTD thousand)
December 31, 2023			
Purchase of FX forward contract	NTD to USD	November 3, 2023 ~ February 23, 2024	NTD18,089/USD564
Purchase of FX forward contract	NTD to USD	December 7, 2023 ~ March 29, 2024	NTD15,135/USD482

	Currency	Maturity period	Contract amount (NTD thousand)
December 31, 2022			
Purchase of FX forward contract	NTD to USD	November 7, 2022 ~ January 30, 2023	NTD7,704/USD240
Purchase of FX forward contract	NTD to USD	December 09, 2022 ~ March 01, 2023	NTD5,310/USD174

The purpose of the engagement in FX forward contracts by the Company in 2023 and 2022 was to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. The FX forward contracts held by the Company do not meet the effective hedging conditions, so hedge accounting is not applicable.

VIII. Financial assets measured at amortized costs

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Time deposits with original maturity over 3 months	$ 99,000	$ 99,000

As of December 31, 2023 and December 31, 2022, the interest rate range of time deposits with original maturity over 3 months is 1.575% and 1.2~1.325% per annum.

The Company has no pledge of financial assets measured at amortized cost.

IX. Credit risk management of debt instrument investment

The debt instruments invested by the Company are financial assets measured at amortized cost:

December 31, 2023

	At amortized cost
Total book value	$ 99,000
Loss provision	-
Amortized cost	$ 99,000

December 31, 2022

	At amortized cost
Total book value	$ 99,000
Loss provision	-
Amortized cost	$ 99,000

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial departments of the Company. As the trading counterparties and performing parties of the Company are all banks with good credit ratings and financial institutions or corporate organizations of investment grade or above, there is no major doubt of default, so there is no major credit risk.

The current credit risk rating mechanism of the Company and the total carrying amount of debt instrument investments of various credit ratings are as follows:

Credit rating	Definition	Recognition basis of expected credit loss	Expected credit loss rate	Total book amount on December 31, 2023	Total book amount on December 31, 2022
Normal	The debtor's credit risk is low, and the debtor is fully capable of paying off the contractual cash flow.	12-month expected credit loss	0%	$ 99,000	$ 99,000

X. Notes receivable, accounts receivable and collection

	December 31, 2023	December 31, 2022
Notes receivable		
At amortized cost		
Arising from business		
Non-related parties	$ 37,185	$ 34,415
Related party	$ 16,330	$ 32,611
Accounts receivable		
At amortized cost		
Total book value		
Non-related parties	$ 91,913	$ 83,016
Less: Loss allowance	(2,498)	(300)
	$ 89,415	$ 82,716
Related party	$ 2,661	$ 8,488

(I) Accounts receivable

The Company's average credit period for product sales is 90 days, and no interest is calculated for accounts receivable. The Company's policy is to only conduct transactions with objects of investment grade or above (inclusive), and in necessary circumstances obtain sufficient collaterals to mitigate the risk of financial loss due to default. The Company will use other publicly available financial information and historical transaction records to rate its major customers. The Company continuously monitors the credit risk and the credit rating of the counterparty, and manages the credit risk through the annual review and approval of the counterparty's credit limit.

In order to mitigate the credit risk, the management of the Company assigned dedicated personnel to be responsible for the credit line decision, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been provided with appropriate impairment losses.

The Company recognizes the loss provision of accounts receivable based on the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the preparation matrix, which takes into account customers' past default records and current financial situation, the industrial economic situation, the GDP forecast and the industrial outlook. Because the historical experience of credit loss of the Company shows that there is no significant difference between the loss types of different customer groups, the Company matrix does not further distinguish customer groups, and only sets the expected credit loss rate based on the number of days of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty to the transaction is in liquidation or the debt has been established for more than 365 days, the Company will directly write off the relevant accounts receivable, but will continue the recovery activities. The amount recovered due to the recovery is recognized in profit or loss.

The Company measures the loss provision of accounts receivable according to the preparation matrix as follows:

December 31, 2023

	Account established for 1 to 90 days	Account established for 91 to 180 days	Account established for 181 to 365 days	Account established for over 365 days	Total
Total book value	$ 83,116	$ 9,342	$ -	$ 2,116	$ 94,574
Loss allowance (lifetime ECLs)	(277)	(105)	-	(2,116)	(2,498)
Amortized cost	$ 82,839	$ 9,237	$ -	$ -	$ 92,076

December 31, 2022

	Account established for 1 to 90 days	Account established for 91 to 180 days	Account established for 181 to 365 days	Account established for over 365 days	Total
Total book value	$ 84,849	$ 6,655	$ -	$ -	$ 91,504
Loss allowance (lifetime ECLs)	-	(300)	-	-	(300)
Amortized cost	$ 84,849	$ 6,355	$ -	$ -	$ 91,204

The provision for losses of accounts receivable is calculated according to the expected credit loss rate of each age range, and the expected credit loss rate for the years ended December 31, 2023 and December 31, 2022 is 0.17%~100% and 0.05%, respectively.

Changes in loss provision on accounts receivable:

	2023	2022
Beginning balance	$ 300	$ 3,760
Add: Provision for impairment loss for the current year	2,198	-
Less: Reversal of impairment loss for the current year	-	(3,460)
Ending balance	$ 2,498	$ 300

(III) Collections (listed under other non-current assets)

Information on the change in provision for bad debts from collections is as follows:

	2023	2022
Beginning balance	$ 24,619	$ 25,219
Less: Reversal of impairment losses for the year	(600)	(600)
Ending balance	$ 24,019	$ 24,619

As of December 31, 2023 and December 31, 2022, the amount of loss provision included individual impaired accounts receivable in significant financial difficulties, amounting to NTD 24,019 thousand and NTD 24,619 thousand, respectively, which had been transferred to collections (listed under other non-current assets). The Company does not hold any collateral for these receivable balances.

XI. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 108,921	$ 120,972
Materials	3,101	6,294
Work-in-progress	55	4,390
Finished goods	46,168	48,200
Goods	22	-
	$ 158,267	$ 179,856

The nature of cost of goods sold is as follows:

	2023	2022
Cost of inventory sold	$ 575,287	$ 916,363
Inventory write-downs (reversed) (I)	(18,085)	20,683
	$ 557,202	$ 937,046

(I) Inventory write-downs were reversed as a result of inventory destocking.

(II) The Company has no inventory pledged as loan collateral.

XII. Investments using the equity method

Investments in subsidiaries

	December 31, 2023	December 31, 2022
Sun Yang Global Co., Ltd.	$ 60,246	$ 62,558

On the balance sheet date, the Company's ownership interest and voting right percentage in subsidiaries are as follows:

	December 31, 2023	December 31, 2022
Sun Yang Global Co., Ltd.	100%	100%

In 2023 and 2022, the profit and loss and other comprehensive income share of subsidiaries by the equity method are recognized based on the financial report of the subsidiary that has been audited by CPAs during the same period.

The Company does not have any amount of borrowing with its investment in subsidiaries as the collateral.

XIII. Property, plant, and equipment

	Land	Building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost							
Balance on January 1, 2023	$ 276,190	$ 148,696	$ 368,762	$ 12,039	$ 12,343	$ 47,566	$ 865,596
Increase	-	21,517	-	900	918	695	24,030
Disposals	-	-	(2,868)	(680)	(718)	(2,798)	(7,064)
Balance on December 31, 2023	$ 276,190	$ 170,213	$ 365,894	$ 12,259	$ 12,543	$ 45,463	$ 882,562
Cumulative depreciation							
Balance on January 1, 2023	$ -	$ 111,855	$ 362,385	$ 10,217	$ 9,456	$ 45,467	$ 539,380
Depreciation expenses	-	3,646	1,542	350	975	717	7,230
Disposals	-	-	(2,868)	(680)	(718)	(2,798)	(7,064)
Balance on December 31, 2023	$ -	$ 115,501	$ 361,059	$ 9,887	$ 9,713	$ 43,386	$ 539,546
Net on December 31, 2023	$ 276,190	$ 54,712	$ 4,835	$ 2,372	$ 2,830	$ 2,077	$ 343,016
Cost							
Balance on January 1, 2022	$ 276,190	$ 148,382	$ 367,962	$ 12,781	$ 11,636	$ 46,671	$ 863,622
Increase	-	314	2,495	1,790	1,456	1,184	7,239
Disposals	-	-	(1,695)	(2,532)	(749)	(289)	(5,265)
Balance on December 31, 2022	$ 276,190	$ 148,696	$ 368,762	$ 12,039	$ 12,343	$ 47,566	$ 865,596
Cumulative depreciation							
Balance on January 1, 2022	$ -	$ 108,002	$ 362,482	$ 12,456	$ 8,987	$ 45,149	$ 537,076
Depreciation expenses	-	3,853	1,598	293	1,218	607	7,569
Disposals	-	-	(1,695)	(2,532)	(749)	(289)	(5,265)
Balance on December 31, 2022	$ -	$ 111,855	$ 362,385	$ 10,217	$ 9,456	$ 45,467	$ 539,380
Net on December 31, 2022	$ 276,190	$ 36,841	$ 6,377	$ 1,822	$ 2,887	$ 2,099	$ 326,216

The Company's property, plant and equipment listed on December 31, 2022 and December 31, 2023 have been evaluated and there was no indication of impairment.

There was no interest capitalization on the property, plant and equipment of the Company in 2023 and 2022.

Depreciation expense is accrued on a straight-line basis according to the following useful lives:

Building	
Main buildings	20 to 50 years
Decoration work, etc.	3 to 10 years
Machinery equipment	3 to 16 years
Transportation equipment	3 to 7 years
Office equipment	3 to 5 years
Other equipment	2 to 10 years

Please refer to Note 29 for the amount of property, plant and equipment pledged as collaterals for loans.

XIV. Lease arrangements

Other lease agreements

	2023	2022
Short term lease expense	$ 319	$ 300
Total cash outflow from lease	($ 319)	($ 300)

The Company chooses to apply the recognition exemption to the leases of houses and buildings that meet the short-term lease criteria, and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

XV. Other assets

	December 31, 2023	December 31, 2022
Current		
Other receivables		
Interest receivable	$ 67	$ 54
Tax refund receivable	194	-
Provisional payment	284	28
	$ 545	$ 82

	December 31, 2023	December 31, 2022
Non-current		
Collection	$ 24,019	$ 24,619
Less: Provision for bad debts	(24,019)	(24,619)
	$ -	$ -

XVI. Borrowings

Short-term notes payable

	December 31, 2023	December 31, 2022
Bank acceptances	$ 32,130	$ 12,714

Outstanding short-term notes payable were as follows:

December 31, 2023

Guarantee/acceptance institution	Book value	Original currency amount (USD)	Name of collateral	Book value of collateral
Bank acceptances				
Hua Nan Bank	$ 32,130	$ 1,046	None	$ -

December 31, 2022

Guarantee/acceptance institution	Book value	Original currency amount (USD)	Name of collateral	Book value of collateral
Bank acceptances				
Mega International Commercial Bank	$ 5,344	$ 174	None	$ -
Taiwan Cooperative Bank	7,370	240	None	-
	$ 12,714	$ 414	None	$ -

Please refer to Note 30 for guaranteed notes payable issued for bank borrowings.

XVII. Notes and accounts payable

	December 31, 2023	December 31, 2022
Notes payable		
Arising from business	$ 3,797	$ 3,392
Accounts payable		
Arising from business	$ 19,847	$ 23,006

Accounts payable are paid at the agreed time in the contract. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

XVIII. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Directors' remuneration payable	$ 646	$ -
Employees' remuneration payable	428	-
Salary and bonus payable	14,178	13,791
Equipment payables	1,995	1,182
Other	5,618	5,413
	$ 22,865	$ 20,386

XIX. Retirement benefit plans

(I) Defined contribution plan

The pension system of the "Labor Pension Act" applicable to the Company is a government managed defined contribution retirement plan, in which 6% of an employee's monthly salary is allocated to an individual account at the Labor Insurance Bureau.

(II) Defined benefit plans

The pension system of the Company in accordance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 10% of the total monthly salary of the employees to the pension, and hands it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in one go by the end of March of the next year. The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the parent company's balance sheet are listed as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 60,434	$ 66,019
Fair value of plan assets	(54,221)	(55,553)
Net defined benefit liabilities	$ 6,213	$ 10,466

Changes to net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance on January 1, 2023	$ 66,019	($ 55,553)	$ 10,466
Service cost			
Service costs for the current period	407	-	407
Interest expense (revenue)	908	(777)	131
Recognized as loss (profit)	1,315	(777)	538
Re-measurement			
Compensation for planned assets (excluding the amount included in net interest)	-	(415)	(415)
Actuarial (gain) loss			
Changes in financial assumptions	938	-	938
Adjustment based on past experience	(3,380)	-	(3,380)
Recognized in other comprehensive income	(2,442)	(415)	(2,857)
Employer contribution	-	(1,934)	(1,934)
Benefit paid	(4,458)	4,458	-
Balance on December 31, 2023	$ 60,434	($ 54,221)	$ 6,213
Balance on January 1, 2022	$ 73,393	($ 56,030)	$ 17,363
Service cost			
Service costs for the current period	624	-	624
Interest expense (revenue)	459	(356)	103
Recognized as loss (profit)	1,083	(356)	727
Re-measurement			
Compensation for planned assets (excluding the amount included in net interest)	-	(4,898)	(4,898)
Actuarial loss (gain)			
Changes in financial assumptions	(2,317)	-	(2,317)
Adjustment based on past experience	1,524	-	1,524
Recognized in other comprehensive income	(793)	(4,898)	(5,691)
Employer contribution	-	(1,933)	(1,933)
Benefit paid	(7,664)	7,664	-
Balance on December 31, 2022	$ 66,019	($ 55,553)	$ 10,466

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2023	2022
Operating costs	$ 338	$ 452
Operating expenses	200	275
	$ 538	$ 727

The Company is exposed to the following risks as a result of the "Labor Standards Act" pension system:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the Company's distributable amount of the plans' assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.
3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plans. Therefore, increases in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary with the following significant assumptions as of the measurement date.

	December 31, 2023	December 31, 2022
Discount rate	1.125%	1.375%
Expected rate of salary increase	2.250%	2.250%

If there are reasonable possible changes in significant actuarial assumptions, the amount by which the present value of the defined benefit obligation would increase (decrease), with all other assumptions held constant, is as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 938)	($ 1,094)
0.25% decrease	$ 965	$ 1,126
Expected rate of salary increase		
0.25% increase	$ 940	$ 1,099
0.25% decrease	($ 918)	($ 1,073)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation, because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	December 31, 2023	December 31, 2022
Amount expected to be appropriated within 1 year	$ 1,920	$ 1,920
Average period of defined benefit obligation to maturity	6.3 years	6.8 years

XX. Equity

(I) Common share capital

	December 31, 2023	December 31, 2022
Authorized ordinary shares (in thousands)	61,056	61,056
Authorized capital	$ 610,560	$ 610,560
Issued and paid ordinary shares (in thousands)	61,056	61,056
Issued capital	$ 610,560	$ 610,560

The par value of each issued common share is NTD10; each share has one voting right and the right to receive dividends.

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed cash dividend or transferred to shares (1)		
Treasury stock trading	$ 52,541	$ 52,541
Donated assets	768	768
	$ 53,309	$ 53,309

1. Such capital surplus 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 to once a year).

(III) Retained earnings and dividends policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is still a balance, the board meeting shall formulate an earnings distribution proposal for it together with the cumulative undistributed surplus, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. Please refer to Note 22(7) employees' and directors' remuneration for the distribution policy of employees' and directors' remuneration stipulated in the Articles of Association.

The Company adopts a fixed and residual dividend policy for sustainable operation, sustainable growth and long-term financial planning based on the overall environment and the characteristics of the industrial development. Shareholders' dividends are distributed annually from the distributable surplus. The cash dividends are maintained between 10% and 90%, but may be adjusted according to changes in the internal and external business environment.

Distribution of earnings to the legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company sets aside and reverses special reserves in accordance with the requirements of the letters referenced Jin-Guan-Cheng-Fa No. 1010012865 and Jin-Guan-Cheng-Fa No. 1010047490, and "Questions and Answers on the Applicability of Appropriation of Special Reserves After Adoption of International Financial Reporting Standards (IFRSs)".

The Company's general shareholders' meeting on June 19, 2023 and June 9, 2022 respectively passed resolutions on the following earnings distribution schemes for 2022 and 2021:

	2022	2021
Legal reserve	$ -	$ 7,581
Cash dividends	$ 30,528	$ 61,056
Cash dividends per share (NTD)	$ 0.50	$ 1.00

The Company's board meeting on March 11, 2024 proposed the following earnings distribution of 2023:

	2023
Legal reserve	$ 2,066
Cash dividends	$ 30,528
Cash dividends per share (NTD)	$ 0.5

The earnings distribution scheme for 2023 is pending the resolution of the general shareholders' meeting expected to be held in June 2024.

XXI. Revenue

	2023	2022
Revenues from sale of merchandise	$ 650,092	$ 974,263

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 10)	$ 37,185	$ 34,415	$ 40,248
Notes receivable - related parties (Note 10)	$ 16,330	$ 32,611	$ 19,713
Accounts receivable (Note 10)	$ 89,415	$ 82,716	$ 167,137
Accounts receivable - related parties (Note 10)	$ 2,661	$ 8,488	$ 17,273
Contractual liabilities			
Goods sold	$ 114	$ 6,093	$ 1,183

XXII. Net profit (loss) for the year

(I) Interest income

	2023	2022
Bank interest income	$ 1,683	$ 1,010
Financial assets measured at amortized costs	2,690	992
	$ 4,373	$ 2,002

(II) Other income

	2023	2022
Grant revenue	$ -	$ 604
Other	116	71
	$ 116	$ 675

(III) Other gains and losses

	2023	2022
Gain on disposal of property, plant, and equipment	$ 40	$ 178
Net foreign currency exchange benefits	1,421	110
Net loss of financial liabilities at fair value through profit or loss	(897)	(160)
Other	(2)	-
	$ 562	$ 128

(IV) Finance costs

	2023	2022
Interest on bank loans	$ 41	$ 183

(V) Depreciation and amortization

	2023	2022
An analysis of depreciation by function		
Operating costs	$ 5,479	$ 5,575
Operating expenses	1,751	1,994
	$ 7,230	$ 7,569
An analysis of amortization by function		
Operating expenses	$ 93	$ 50

(VI) Employee benefits expense

	2023	2022
Short-term employee benefits	$ 77,359	$ 74,906
Post-employment benefits		
Defined contribution plans	2,395	2,242
Defined benefit plan (Note 19)	538	727
Other employee benefits	3,296	3,796
Total employee benefits expense	$ 83,588	$ 81,671
An analysis by function		
Operating costs	$ 43,908	$ 44,709
Operating expenses	39,680	36,962
	$ 83,588	$ 81,671

(VII) Employees' and directors' remuneration

In accordance with the Articles of Association, the Company appropriates 1% to 3% of the balance as the employees' remuneration, and no more than 4% as the directors' remuneration. The resolutions on the employees' remuneration and directors' remuneration for 2023 by the board meetings on March 11, 2024 are as follows:

Ratio

	2023
Employees' remuneration	1.69%
Directors' remuneration	2.55%

Amount

	2023	
	Cash	Stocks
Employees' remuneration	$ 428	$ -
Directors' remuneration	646	-

As the Company suffered a loss before tax in 2022, remuneration to employees and to directors were not estimated.

If there is still any change in the amount after the annual parent company only financial statements is approved and issued, it shall be handled according to the change of accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual allotment amounts of employees' and directors' remuneration in 2022 and 2021 and the amount recognized in the parent company only financial statements in 2022 and 2021.

For information on the employees' and directors' remuneration in accordance with the resolutions of the board meeting of the Company in 2023 and 2022, please visit the "MOPS" of the Taiwan Stock Exchange.

XXIII. Income tax

(I) The main components of income tax expense (income) recognized in profit/loss

	2023	2022
Current tax payable		
Generated in the current period	$ 113	$ -
R&D expenditures offset in the current year	(34)	-
Income tax on undistributed earnings	-	154
Adjustments of prior years	421	569
	500	723
Deferred tax		
Generated in the current period	5,383	(4,871)
Income tax expense (income) recognized in profit or loss	$ 5,883	($ 4,148)

Adjustment of accounting income and income tax expense (income) is as follows:

	2023	2022
Net profit (loss) before tax	$ 24,261	($ 23,339)
Income tax on net profit (loss) before tax at the statutory tax rate	$ 4,852	($ 4,667)
Nondeductible expenses in determining taxable income	514	-
Tax-free income	-	(204)
Income tax on undistributed earnings	-	154
Unrecognized deductible temporary differences	130	-
R&D expenditures offset in the current year	(34)	-
Adjustments to income tax expenses of prior years	421	569
Income tax expense (income) recognized in profit or loss	$ 5,883	($ 4,148)

(II) Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
Generated in the current period		
- Remeasurement of defined benefit obligation	$ 571	$ 1,138
Income tax recognized in other comprehensive income	$ 571	$ 1,138

(III) Income tax assets and liabilities of the current period

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax receivable	$ 8,494	$ 8,274

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities:

2023

Deferred income tax assets	Beginning balance	Recognized as loss (profit)	Recognized in other comprehensive income	Ending balance
Temporary difference				
Financial liabilities at fair value through profit or loss	$ 69	$ 179	$ -	$ 248
Provision for bad debts	4,617	342	-	4,959
Impairment loss	136	-	-	136
Write-down of inventories	6,038	(3,617)	-	2,421
Unrealized gross sales profit of inventory in transit	246	213	-	459
Unrealized gross profit of goods sold to subsidiaries	1	15	-	16
Financial assets measured at cost	7,591	-	-	7,591
Unrealized exchange loss	79	(79)	-	-
Loss deduction	1,528	(1,528)	-	-
Defined-benefit retirement plan	2,396	(279)	-	2,117
	$ 22,701	($ 4,754)	$ -	$ 17,947

Deferred income tax liabilities	Beginning balance	Recognized as loss (profit)	Recognized in other comprehensive income	Ending balance
Temporary difference				
Property, plant, and equipment	$ 45,365	$ -	$ -	$ 45,365
Unrealized gross sales profit of inventory in transit	173	399	-	572
Defined-benefit retirement plan	303	-	571	874
Unrealized exchange gains	-	230	-	230
	$ 45,841	$ 629	$ 571	$ 47,041

2022

Deferred income tax assets	Beginning balance	Recognized as loss (profit)	Recognized in other comprehensive income	Ending balance
Temporary difference				
Financial liabilities at fair value through profit or loss	$ 37	$ 32	$ -	$ 69
Provision for bad debts	5,248	(631)	-	4,617
Impairment loss	136	-	-	136
Write-down of inventories	1,902	4,136	-	6,038
Unrealized gross sales profit of inventory in transit	523	(277)	-	246
Unrealized gross profit of goods sold to subsidiaries	83	(82)	-	1
Financial assets measured at cost	7,591	-	-	7,591
Unrealized exchange loss	-	79	-	79
Loss deduction	-	1,528	-	1,528
Defined-benefit retirement plan	3,473	(242)	(835)	2,396
	$ 18,993	$ 4,543	($ 835)	$ 22,701

Deferred income tax liabilities	Beginning balance	Recognized as loss (profit)	Recognized in other comprehensive income	Ending balance
Temporary difference				
Property, plant, and equipment	$ 45,365	$ -	$ -	$ 45,365
Unrealized gross sales profit of inventory in transit	481	(308)	-	173
Defined-benefit retirement plan	-	-	303	303
Unrealized exchange gains	20	(20)	-	-
	$ 45,866	($ 328)	$ 303	$ 45,841

(V) Unused investment offset of deferred income tax not recognized in the parent company only balance sheet

	December 31, 2022
Investment offsets	
R&D expenditures	$ 557

(VI) Income tax assessments

The Company's profit-seeking enterprise income tax declaration has been approved by the tax collection authority up to and including 2021.

XXIV. Earnings (losses) per share

Unit: NTD Per Share

	2023	2022
Basic earnings (loss) per share	$ 0.30	($ 0.31)
Diluted (loss) per share	$ 0.30	($ 0.31)

The earnings (loss) and the weighted average number of common shares issued for the calculation of earnings (loss) per share are as follows:

Net profit (loss) of the period

	2023	2022
Net profit (loss) used to calculate basic earnings (loss) per share	$ 18,378	($ 19,191)
Net profit (loss) used to calculate diluted earnings (loss) per share	$ 18,378	($ 19,191)

Number of shares

Unit: Thousand Shares

	2023	2022
Weighted average number of ordinary shares in the computation of basic earnings (losses) per share	61,056	61,056
Effect of potentially dilutive ordinary shares:		
Employees’ remuneration	26	19
Weighted average number of ordinary shares in the computation of diluted earnings (losses) per share	61,082	61,075

If the Company has the option to pay employees’ remuneration in shares or cash, the calculation of diluted earnings (losses) per share is based on the assumption that the employees’ remuneration will be issued in shares, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings (losses) per share when the potential common shares are diluted. Such a dilutive effect of the potential shares is included in the employees' compensation of diluted earnings per share until the shareholders resolve the number of ordinary shares to be distributed to employees at their meeting in the following year.

XXV. Cash flow information

(I) Non-cash transactions

The Company conducted the following non-cash investment and financial activities in 2023 and 2022:

1. In 2023, the Company acquired NTD24,030 thousand of property, plant and equipment. Among other payables, the total amount of equipment payables increased by NTD813 thousand. The total amount of cash paid for the purchase of property, plant and equipment was NTD23,217 thousand (please refer to Notes 13 and 18).
2. In 2022, the Company acquired NTD7,239 thousand of property, plant and equipment. Among other payables, the total amount of equipment payables increased by NTD1,182 thousand. The total amount of cash paid for the purchase of property, plant and equipment was NTD6,057 thousand (please refer to Notes 13 and 18).

(II) Changes in liabilities from financial activities

2023

	January 1, 2023	Cash flow	December 31, 2023
Short-term notes payable	$ 12,714	$ 19,416	$ 32,130

2022

	January 1, 2022	Cash flow	December 31, 2022
Short-term borrowing	$ 913	($ 913)	$ -
Short-term notes payable	30,005	(17,291)	12,714
	$ 30,918	($ 18,204)	$ 12,714

XXVI. Capital management

The Company conducts capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances on the premises of continuing operation.

The Company adopts a prudent risk management strategy and conducts regular reviews, and makes an overall plan based on business development strategies and operational needs to determine the appropriate capital structure for the Company.

XXVII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Company considers that as the maturity date of the carrying amount of financial assets and financial liabilities not measured at fair value is near, or that the future payment price is equivalent to the carrying amount, the carrying amount is close to its fair value.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$ 1,241	$ -	$ 1,241

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$ 344	$ -	$ 344

There was no transfer between level 1 and level 2 fair value measurements in 2023 and 2022.

2. Evaluation technology and input value of level 2 fair value measurement

Types of financial instruments	Evaluation technology and input value
Derivative instrument - FX forward contract	Discounted cash flow method: The future cash flow is estimated at the observable forward exchange rate at the end of the period and the exchange rate set in the contract, and discounted respectively at a discount rate that can reflect the credit risk of each counterparty.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at amortized costs		
Cash and cash equivalents	$ 350,423	$ 327,373
Financial assets measured at amortized costs - current	99,000	99,000
Notes receivable	37,185	34,415
Notes receivable - related parties	16,330	32,611
Accounts receivable	89,415	82,716
Accounts receivable - related parties	2,661	8,488
Refundable deposits	210	210
Financial liabilities		
Measured at cost after amortization		
Short-term notes payable	32,130	12,714
Notes payable	3,797	3,392
Accounts payable	19,847	23,006
Other payables	22,865	20,386
Financial liabilities measured at fair value through profit or loss	1,241	344

(IV) Financial risk management objective and policies

The financial instruments of the Company include equity investment, accounts receivable, accounts payable and loans. The Company is committed to ensuring sufficient and cost-effective working capital when necessary. The Company prudently manages the foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to operating activities, in order to reduce the potential adverse impact of market uncertainty on the Company's finance.

The important financial planning of the Company has been reviewed by the board meeting in accordance with relevant norms and internal control systems. In carrying out financial planning, the Finance Department of the Company strictly abides by the relevant financial operation procedures related to the overall financial risk management and the division of rights and responsibilities.

1. Market risk

The financial risk caused by the operating activities of the Company to itself are the foreign currency exchange rate change risk and the interest rate change risk. The Company uses derivative financial instruments to manage the risk of foreign currency exchange rate changes.

(1) Foreign currency risk

The Company engages in sales and purchase transactions denominated in foreign currencies, thus causing it to be exposed to foreign currency exchange rate changes. In order to avoid fluctuations in future cash flows due to changes in foreign currency exchange rates, the Company uses FX forward contracts to avoid foreign currency exchange rate risks. The Company also borrows short-term foreign currency loans to offset part of the foreign currency exchange rate risks arising from transaction conversion. The use of derivative financial instruments such as FX forward contracts can help the Company reduce but still cannot completely exclude the impact of foreign currency exchange rate changes.

Please refer to Note 31 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company on the balance sheet date.

Sensitivity analysis

The sensitivity analysis of the foreign currency exchange rate risk is mainly calculated for foreign currency monetary items at the end of the reporting period. When the New Taiwan dollar appreciates by 5% against foreign currencies, the Company's net profit before tax in 2023 will increase by NTD1,043 thousand and net loss before tax in 2022 will increase by NTD74 thousand; when the New Taiwan dollar depreciates by 5% against the foreign currency, the impact on the Company's net profit (loss) before tax in the years 2023 and 2022 will be a negative number of the same amount.

(2) Interest rate risk

Interest rate exposure occurs because the Company borrows funds at both fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the Company exposed to interest rate exposure on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
-Financial assets	$ 379,957	$ 348,937
-Financial liabilities	32,130	12,714
Cash flow interest rate risk		
-Financial assets	69,386	77,356

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis method assumes that all the amount of liabilities circulating on the balance sheet date is circulating during the reporting period. The rate of change used by the Company when reporting interest rates internally to the key management is an increase or decrease of one basis point (1%) in the interest rate, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by one hundred basis points (1%), with all other variables remain unchanged, the Company's net profit before tax in 2023 will increase by NTD694 thousand and net loss before tax in 2022 will increase by NTD774 thousand, mainly because of the interest rate change position risk arising from the bank borrowings of the Company with floating interest rates.

(3) Other price risks

The Company has an equity price exposure due to its investment in TWSE and TPEx listed equity securities and fund beneficiary certificates. The equity investments are not held for trading but mainly for earning dividend income. The Company does not actively trade these investments, and regularly evaluates the impact of market price risk in order to minimize the risk.

Sensitivity analysis

Sensitivity analysis is based on equity price risk on at the balance sheet date. If the equity price increases/decreases by 5%, the pre-tax net profit (loss) of 2023 and 2022 will increase/decrease by NTD62 thousand and NTD17 thousand respectively due to the increase/decrease in the fair value of the investments held for trading.

2. Credit risk

Credit risk refers to the potential impact of the counterparty's failure to perform its contractual obligations on the Company's financial losses. As of the balance sheet date, the maximum credit risk exposure of the Company's that may result in financial losses due to the counterparty's failure to perform its obligations is mainly from the book value of financial assets recognized in the parent company only balance sheet.

The receivables of the Company cover many customers, and most of the receivables do not have collaterals. The Company continuously evaluates the financial status of customers with accounts receivable to reduce the credit risk of accounts receivable, and reviews the recoverable amount of accounts receivable one by one on the balance sheet date to ensure appropriate impairment losses have been provided for uncollectable receivables.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to meet operating needs and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of banks' financing lines and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2023 and December 31, 2022, the Company's unused short-term bank facilities were NTD777,870 thousand and NTD970,126 thousand, respectively.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the earliest date on which the Company may be required to repay, and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the bank loans which the Company may be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the banks' immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment dates.

December 31, 2023

	Effective interest rate (%)	Less than 1 Year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term notes payable	-	$ 32,130	$ -	$ -	$ 32,130
Notes payable	-	3,797	-	-	3,797
Accounts payable	-	19,847	-	-	19,847
Other payables	-	22,865	-	-	22,865

December 31, 2022

	Effective interest rate (%)	Less than 1 Year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term notes payable	-	$ 12,714	$ -	$ -	$ 12,714
Notes payable	-	3,392	-	-	3,392
Accounts payable	-	23,006	-	-	23,006
Other payables	-	20,386	-	-	20,386

(2) Liquidity and interest rate risk table of derivative financial liabilities

Regarding the liquidity analysis of derivative financial instruments, it is prepared on the basis of undiscounted net contractual cash inflows and outflows for derivatives delivered on a net basis; for derivatives settled in the aggregate amount, it is prepared on the basis of total undiscounted cash inflows and outflows. When the amount payable or receivable is not fixed, the disclosed amount is determined based on the expected interest rate estimated by the yield curve on the balance sheet date.

December 31, 2023

	Immediate repayment or in less than 1 month	1~3 months	3 months to 1 year	1~5 Years	More than 5 years
Aggregate amount settlement					
FX forward contracts					
- Inflow	$ -	$ 31,983	$ -	$ -	$ -
- Outflow	-	(33,224)	-	-	-
	$ -	($ 1,241)	$ -	$ -	$ -

December 31, 2022

	Immediate repayment or in less than 1 month	1~3 months	3 months to 1 year	1~5 Years	More than 5 years
Aggregate amount settlement					
FX forward contracts					
- Inflow	$ -	$ 12,671	$ -	$ -	$ -
- Outflow	-	(13,015)	-	-	-
	$ -	($ 344)	$ -	$ -	$ -

XXVIII. Related party transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

(I) Related party name and category

Related Party Name	Relationship with the Company
Sun Yang Global Co., Ltd.	Subsidiary

(II) Sale

Line Item	Related Party Name	2023	2022
Sale	Sun Yang Global Co., Ltd.	$ 99,810	$ 181,398

The transaction price and payment period for the purchase and sale of the Company's related parties are comparable to those of ordinary customers.

(III) Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Name	December 31, 2023	December 31, 2022
Notes receivable - related parties	Sun Yang Global Co., Ltd.	$ 16,330	$ 32,611
Accounts receivable - related parties	Sun Yang Global Co., Ltd.	$ 2,661	$ 8,488

There is no collateral for receivables from related parties in circulation. Expected credit losses are not included in accounts receivable from related parties in 2023 and 2022.

(IV) Other related party transactions

Miscellaneous income

Related Party Name	2023	2022
Sun Yang Global Co., Ltd.	$ 21	$ 20

(V) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 10,328	$ 11,280
Post-employment benefits	6,915	510
	$ 17,243	$ 11,790

The remuneration of directors and other key management is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXIX. Pledged Assets

The following assets of the Company have been provided as collateral for bank loans:

	December 31, 2023	December 31, 2022
Property, plant, and equipment		
Land	$ 126,840	$ 126,840
Building	29,205	30,212
	$ 156,045	$ 157,052

XXX. Significant contingent liabilities and unrecognized contract commitments

The Company has the following major commitments and contingencies on the balance sheet date:

(I) As of December 31, 2023 and December 31, 2022, the amount of customs duty guarantee issued by the Company to banks for imported goods was NTD8,000 thousand.

(II) As of December 31, 2023 and December 31, 2022, the amount of unused letters of credit issued by the Company for imported raw materials was USD479 thousand and USD158 thousand.

(III) The guarantee notes payable issued by the Company for bank loans are as follows:

	December 31, 2023	December 31, 2022
USD	$ -	$ 4,000
NTD	160,000	160,000

XXXI. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated and expressed in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted to the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Book value
Foreign currency asset			
Monetary item			
USD	$ 153	30.705 (USD: NTD)	$ 4,704
RMB	1,516	4.327 (RMB: NTD)	6,559
			$ 11,263
Foreign currency liabilities			
Monetary item			
USD	1,046	30.705 (USD: NTD)	$ 32,130

December 31, 2022

	Foreign Currency	Exchange Rate	Book value
Foreign currency asset			
Monetary item			
USD	$ 257	30.71 (USD: NTD)	$ 7,892
RMB	1,431	4.408 (RMB: NTD)	6,309
			$ 14,201
Foreign currency liabilities			
Monetary item			
USD	414	30.71 (USD: NTD)	$ 12,714

The foreign currency exchange gains (realized and unrealized) of the Company in 2023 and 2022 were NTD1,421 thousand and NTD110 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses according to the major influences of the foreign currencies.

XXXII. Other Disclosures

(I) Material transaction.

1. Loans to others: None.
2. Endorsements/guarantees for others: None.
3. Securities held at period end: None.
4. The cumulative amount of the same securities purchased or sold reaches NTD300 million or 20% of the paid-in capital: None.
5. The amount of real estate acquired reaches NTD300 million or 20% of the paid-in capital: None.
6. The amount of real estate disposed of reaches NTD300 million or 20% of the paid-in capital: None.
7. The amount of goods purchased or sold with related parties reaches NTD100 million or 20% of the paid-in capital: None.
8. The amount of accounts receivable from related parties reaches NTD100 million or 20% of the paid-in capital: None.
9. Engagement in derivative trading. (Note 7)

(II) Information related to investees. (Table 1)

(III) Mainland China investment information: None.

(IV) Information of major shareholders: name, number of shares held and proportion of shareholders with 5% shareholding or more. (Table 2)

Yong Shun Chemical Co., Ltd.
Invested company information, location... etc.
2023

Table 1

Unit: NTD thousand; (share)

Name of the investor	Name of investee	Location	Main business activities	Original Investment Amount		Shares held as at end of the period			Net profit (loss) of the investee of current period	Investment gain/loss recognized in the current period	Remarks
				End of the current period	End of the previous year	Number of shares	Ratio (%)	Book value			
Yong Shun Chemical Co., Ltd.	Sun Yang Global Co., Ltd.	Taiwan	Subsidiary for manufacturing and sales of synthetic resins, plastics, coatings, paints and industrial additives	$ 50,000	$ 50,000	5,000,000	100	$ 60,246	($ 2,239)	($ 2,239)	Subsidiaries

Yong Shun Chemical Co., Ltd.
Information on major shareholders
December 31, 2023

Table 2

Name of major shareholder	Shares	
	Shareholding	Percentage of shareholding
Lin, Tsyr-Huan	6,305,327	10.32%
Lin, Tsyr-Hung	4,469,367	7.32%
Lin, Tsyr-Hsi	4,457,788	7.30%
Lin, Cheng-Chien	4,205,821	6.88%
Tsai, Cheng-Fung	3,492,490	5.72%

Note 1: The information on major shareholders in this table is calculated by TDCC on the last business day at the end of the current quarter for shareholders who hold more than 5% of the ordinary shares and special shares that have been delivered by the Company without physical registration (including treasury shares). The share capital recorded in the Company's parent company only financial statements and the actual number of scripless shares delivered may be different due to the calculation basis for the report preparation.

§Table of Significant Accounting Items§

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Yong Shun Chemical Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Statement 1 Unit: NTD thousands

Item	Summary	Amount
Cash on hand and working capital		$ 80
Cash in banks		
Demand deposits		59,220
Check deposits		10,166
		69,386
Cash equivalents		
Commercial paper		280,957
		$ 350,423

Yong Shun Chemical Co., Ltd.
Statement of Notes Receivable
December 31, 2023

Statement 2 Unit: NTD thousands

Customer's name	Summary	Amount
Non-related parties		
Company A	Payment for goods	$ 11,975
Company B	〃	3,837
Company C	〃	3,473
Company D	〃	2,684
Company E	〃	2,137
Company F	〃	2,082
Company G	〃	1,929
Others (Note)	〃	9,068
		37,185
Related party		
Sun Yang Global Co., Ltd.	〃	16,330
		$ 53,515

Note: The balance of each customer did not exceed 5% of the amount in this account.

Yong Shun Chemical Co., Ltd.
Statement of Accounts Receivable
December 31, 2023

Statement 3 Unit: NTD thousands

Customer's name	Summary	Amount
Non-related parties		
Company H	Payment for goods	$ 26,023
Company I	〃	19,198
Company A	〃	7,928
Company J	〃	6,559
Company K	〃	4,887
Others (Note)		27,318
		91,913
Related party		
Sun Yang Global Co., Ltd.	〃	2,661
Less: Provision for bad debts		(2,498)
		$ 92,076

Note: The balance of each customer did not exceed 5% of the balance in this account.

Yong Shun Chemical Co., Ltd.
Statement of Inventory
December 31, 2023

Statement 4

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Item	Amount			
	Cost	Net realizable value	Premium	Decrease in value
Raw materials	$ 111,267	$ 108,921	$ -	($ 2,346)
Materials	8,325	3,101	-	(5,224)
Work-in-progress	680	55	-	(625)
Finished goods	50,079	46,168	-	(3,911)
Goods	22	22	-	-
Sub-total	170,373	158,267	-	(12,106)
Less: Allowance for loss on decline in value	(12,106)	-	-	-
Total	$ 158,267	$ 158,267	$ -	($ 12,106)

Yong Shun Chemical Co., Ltd.
Statement of Changes in Investment Using the Equity Method
2023

Statement 5

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

	Beginning balance		Increase in current period		Decrease in current period			Ending balance			Net value of equity (Note 2)			
Name of investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Investment income (loss)	Number of shares	Percentage of shareholding %	Amount	Unit Price (NTD)	Total price	Basis of evaluation	Provision of collateral or pledge
Long-term equity investment under equity method														
Non-TWSE/TPEx listed company														
Sun Yang Global Co., Ltd.	5,000,000	$ 62,558	-	$ 6	-	$ 79	($ 2,239)	5,000,000	100	$ 60,246	NA	$ 60,246	Equity method	None

Note 1: The increase in the current period was due to the realized gains from downstream transactions of subsidiaries for the current period of NTD6 thousand. The decrease in the unrealized gains of downstream transactions at the end of the period was NTD79 thousand.
Note 2: The net equity value was mainly calculated based on the financial statements of the invested companies and the Company's shareholding ratio.

Yong Shun Chemical Co., Ltd.
Statement of Notes Payable
December 31, 2023

Statement 6 | Unit: NTD thousands

Customer's name	Summary	Amount
Company L	Payment for goods	$ 832
Company M	〃	690
Company N	〃	456
Company O	〃	397
Company P	〃	394
Others (Note)	〃	1,028
		$ 3,797

Note: The balance of each customer did not exceed 5% of the balance in this account.

Yong Shun Chemical Co., Ltd.
Statement of Accounts Payable
December 31, 2023

Statement 7 Unit: NTD thousands

Customer's name	Summary	Amount
Non-related parties		
Company Q	Payment for goods	$ 8,350
Company R	〃	3,192
Company S	〃	2,788
Company T	〃	1,740
Company U	〃	1,610
Company V	〃	1,131
Others (Note)	〃	1,036
		$ 19,847

Note: The balance of each customer did not exceed 5% of the balance in this account.

Yong Shun Chemical Co., Ltd.
Statement of Operating Revenue
2023

Statement 8 | Unit: NTD thousands

Item	Amount	Amount
Unsaturated polyester resin	2,377,083kg	$ 146,543
Polyester polyol resin	5,385,263kg	409,550
Other		95,575
		651,668
Less: Sales returns		(1,199)
Sales discount		(377)
		$ 650,092

Yong Shun Chemical Co., Ltd.
Statement of Operating Costs
2023

Statement 9 Unit: NTD thousands

Item	Amount
Direct raw materials	
Raw materials at the beginning of the year	$ 141,096
Add: Materials purchased in the year	410,227
Raw material surplus	68
Less: Sale of raw materials	(7,195)
Raw materials at the end of the year	(111,267)
Reclassified to operating expenses	(6)
	432,923
Direct supplies	
Supplies at beginning of year	8,717
Add: Materials purchased in the year	9,296
Less: Sale of supplies	(12)
Supplies at the end of the year	(8,325)
	9,676
Direct labor	24,489
Manufacturing overhead	95,578
Manufacturing cost	562,666
Add: Work-in-progress at beginning of the year	4,531
Finished goods transferred in	3,589
Work-in-progress at the end of the year	(680)
Cost of finished goods	570,106
Add: Finished Goods at the beginning of the year	55,704
Add: Purchase of goods in the year	112
Less: Reclassified to operating expenses	(106)
Transferred to work-in-progress	(3,589)
Inventory scrapping loss	(622)
Finished goods at the end of the year	(50,079)
Cost of production and marketing	571,526
Add: Cost of raw materials sold	7,195
Cost of supplies sold	12
Inventory scrapping loss	622
Less: Revenue from sale of scraps and waste materials	(445)
Recovery gain on decline in value of inventories	(18,085)
Inventory surplus	(68)
Price differential	(3,555)
	$ 557,202

Yong Shun Chemical Co., Ltd.
Statement of Operating Expenses
2023

Statement 10

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

	Selling expenses	Administrative expenses	Research and development expenses	Expected credit loss	Total
Salary	$ 8,147	$ 22,611	$ 5,568	$ -	$ 36,326
Shipping cost	6,042	-	-	-	6,042
Labor service expenses	-	2,939	-	-	2,939
Pension expenses	-	2,295	-	-	2,295
Export expenses	3,415	-	-	-	3,415
Expected credit loss	-	-	-	1,598	1,598
Others (Note)	9,577	9,135	-	-	18,712
	$ 27,181	$ 36,980	$ 5,568	$ 1,598	$ 71,327

Note: The balance of each item in others did not exceed 5% of the amount in this account.

Yong Shun Chemical Co., Ltd.
Statement of employee benefits, depreciation and amortization expenses by function
2023 and 2022

Statement 11 Unit: NTD thousands

	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee welfare expenses (Note)						
Salary expense	$ 35,400	$ 34,369	$ 69,769	$ 36,151	$ 31,673	$ 67,824
Labor and health expenses	4,992	1,664	6,656	4,864	1,621	6,485
Pension expense	1,910	1,023	2,933	2,012	957	2,969
Remuneration to directors	-	934	934	-	597	597
Other employee benefits	1,606	1,690	3,296	1,682	2,114	3,796
	$ 43,908	$ 39,680	$ 83,588	$ 44,709	$ 36,962	$ 81,671
Depreciation expenses	$ 5,479	$ 1,751	$ 7,230	$ 5,575	$ 1,994	$ 7,569
Amortization expenses	$ -	$ 93	$ 93	$ -	$ 50	$ 50

Note:
1. The number of employees in the current and previous year was 96 and 95, respectively. Among them, 5 directors and 5 directors, respectively did not serve as employees.
2. The company whose stock is listed for trading on the TWSE or TPEx shall additionally disclose additional information as follows:
   (1) The average employee benefit expenses in the year were NTD908 thousand ("Total employee benefit expenses in the year - total remuneration to directors" / "Number of employees in the year - number of directors who were not employees"). The average employee benefit expenses in the previous year were NTD901 thousand ("Total employee benefit expenses in the previous year - total remuneration to directors" / "Number of employees in the previous year - number of directors who were not employees").
   (2) The average employee salary expenses in the year were NTD767 thousand (Total salary expenses in the year / "Number of employees in the year - number of directors who were not employees"). The average employee salary expenses in the previous year were NTD754 thousand (Total salary expenses in the previous year / "Number of employees in the previous year - number of directors who were not employees").
   (3) The average employee salary expenses decreased by 1.72% ("Average employee salary expense in the year - average employee salary expense in the previous year" / average employee salary expense in the previous year).
   (4) There are no supervisors in the current year. As the Audit Committee was established to replace the supervisors, no related remuneration exists. Remuneration to supervisors for the previous year was NTD24 thousand.
   (5) The remuneration policy of the Company:
   I. Policy of remuneration to directors and supervisors
   Pursuant to Article 34 of the Company's Articles of Incorporation, where the Company makes a profit for the year, no more than 4% thereof shall be allocated as remuneration to directors and supervisors. The Remuneration Committee submits its recommendations for remuneration to the board of directors for discussion and approval, after taking into consideration industry characteristics, business nature, and the Company's operating performance with reference to the peer level.
   II. Policies for remuneration to the General Manager and Company Officers:
   The remuneration to the Company's managers (including the General Manager) is based on multiple evaluations including industry characteristics, job duties, individual performance, and the Company's annual total remuneration plan for company officers is presented in accordance with the Company's relevant reward regulations and with reference to the Company's operating performance. The decision is made by the Remuneration Committee after deliberation.
   III. Employee remuneration policy:
   1. Reasonable salaries are determined according to employees' duties, education background, and years of service, and salary standards are revised each year with reference to job market conditions and manpower supply and demand, to maintain the competitiveness of the Company's remuneration.
   2. Formulate salary adjustments according to the Company's operating conditions and assess employees' performance and contributions each year to retain talent.
   3. Pursuant to Article 34 of the Company's Articles of Incorporation, if the Company makes a profit at the end of the year, it shall allocate no less than 1%~3% thereof as the employee remuneration. amount.
   4. The remuneration of employees includes fixed monthly salary, fixed bonus and variable bonus. Fixed bonuses are disbursed each year after the Mid-Autumn Festival, Dragon Boat Festival, Labor Day, and Lunar New Year holidays. The variable bonuses are closely linked to the Company's operating performance and individual performance and are disbursed in the middle of each month and before the Lunar New Year.