

Yuan Jen Enterprises Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yuan Jen Enterprises Co., Ltd.

Opinion

We have audited the accompanying separate financial statements of Yuan Jen Enterprises Co., Ltd. (the "Company"), which comprise the separate balance sheets as of December 31, 2023 and 2022 and the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the separate financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2023 and 2022, and its separate financial performance and its separate cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's separate financial statements for the year ended December 31, 2023 is described as follows:

Validity of Occurrence of Sales Revenue

The Company has a large number of customers, and its sales revenue is mainly derived from the sales of oils, plastics and chemicals. Considering market competition and the need to fulfill shareholders' and external investors' expectations, the management may be under pressure to meet revenue targets, and there is a higher inherent risk of revenue recognition. The total operating revenue of the Company in 2023 decreased compared to the previous year. However, the specific sales transactions of some customers significantly increased compared to the previous year. Therefore, we identified the validity of the occurrence of the aforementioned customer - specific sales revenue as a key audit matter for the year ended December 31, 2023.

Refer to Notes 4 and 22 to the separate financial statements for details on accounting policies and relevant disclosures of revenue recognition. Our main audit procedures performed in respect of the aforementioned key audit matter were as follows:

1. We obtained an understanding of the internal controls related to the aforementioned sales revenue from specific customers, assessed the design of the controls, determined that controls have been implemented and tested the operating effectiveness of these controls.
2. We assessed the rationality of the aforementioned customers' background, transaction amount, and credit limits in relation to their company size.
3. We selected appropriate samples from the sales details of the aforementioned customers, to examine, original orders, external supporting documents, and the collection of receivables, and we verified the occurrence of the transactions.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these

separate financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Shiun Chen and Chang Chun Yi.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

The accompanying separate financial statements are intended only to present the separate financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such separate financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying separate financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and separate financial statements shall prevail.

YUAN JEN ENTERPRISES CO., LTD.

SEPARATE BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 458,613	6	\$ 569,820	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	167,939	2	166,271	3
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 29)	3,040,672	43	2,638,402	39
Financial assets at amortized cost - current (Notes 4, 9 and 29)	157,435	2	150,561	2
Notes receivable (Notes 4, 5, 10, 22 and 29)	152,459	2	145,680	2
Accounts receivable (Notes 4, 5, 10 and 22)	686,751	10	769,966	11
Accounts receivable from related parties (Notes 4, 5, 22 and 28)	6,691	-	3,202	-
Other receivables (Notes 4 and 10)	3,287	-	5,207	-
Inventories (Notes 4 and 11)	138,002	2	95,796	1
Prepayments	56,161	1	58,319	1
Other current assets	4,909	-	1,765	-
Total current assets	4,872,919	68	4,604,989	67
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	16,890	-	20,129	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	24,739	1	14,108	-
Investments accounted for using the equity method (Notes 4 and 12)	1,373,022	19	1,349,547	20
Property, plant and equipment (Notes 4, 13 and 29)	740,329	11	746,216	11
Right-of-use assets (Notes 4 and 14)	3,458	-	3,888	-
Investment properties (Notes 4 and 15)	77,270	1	77,727	1
Intangible assets (Notes 4 and 16)	4,741	-	5,396	-
Deferred tax assets (Notes 4 and 23)	17,478	-	14,355	-
Prepayment for equipment	528	-	865	-
Refundable deposits (Note 4)	15,932	-	16,045	-
Overdue receivables (Notes 4, 5, 10 and 22)	-	-	-	-
Total non-current assets	2,274,387	32	2,248,276	33
TOTAL	\$ 7,147,306	100	\$ 6,853,265	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 1,833,080	26	\$ 1,936,875	28
Short-term bills payable (Notes 17 and 29)	122,591	2	137,496	2
Contract liabilities - current (Notes 4 and 22)	3,690	-	2,952	-
Notes payable (Note 18)	25,401	-	24,286	1
Accounts payable (Note 18)	441,571	6	424,485	6
Accounts payable to related parties (Note 28)	14,380	-	12,690	-
Other payables (Note 19)	35,018	1	42,328	1
Current tax liabilities (Notes 4 and 23)	11,354	-	13,548	-
Other current liabilities	980	-	980	-
Lease liabilities - current (Notes 4 and 14)	1,744	-	1,095	-
Total current liabilities	2,489,809	35	2,596,735	38
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	34,481	1	32,490	-
Lease liabilities - non-current (Notes 4 and 14)	1,749	-	2,806	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	34,100	-	40,369	1
Guarantee deposits received	1,202	-	1,202	-
Total non-current liabilities	71,532	1	76,867	1
Total liabilities	2,561,341	36	2,673,602	39
EQUITY (Note 21)				
Share capital				
Ordinary shares	1,818,300	25	1,818,300	27
Capital surplus	2,287	-	2,287	-
Retained earnings				
Legal reserve	421,778	6	395,584	6
Unappropriated earnings	645,374	9	647,744	9
Total retained earnings	1,067,152	15	1,043,328	15
Other equity (Note 4)				
Exchange differences on translation of the financial statements of foreign operations	(35,025)	-	(28,249)	(1)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	1,733,251	24	1,343,997	20
Total other equity	1,698,226	24	1,315,748	19
Total equity	4,585,965	64	4,179,663	61
TOTAL	\$ 7,147,306	100	\$ 6,853,265	100

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

YUAN JEN ENTERPRISES CO., LTD.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)				
Sales	\$ 6,076,149	100	\$ 7,470,304	100
Rental revenue	<u>8,535</u>	<u>-</u>	<u>7,680</u>	<u>-</u>
Total operating revenue	<u>6,084,684</u>	<u>100</u>	<u>7,477,984</u>	<u>100</u>
OPERATING COSTS (Notes 11, 22 and 28)				
Cost of goods sold	(5,749,534)	(95)	(7,106,430)	(95)
Rental costs	<u>(891)</u>	<u>-</u>	<u>(894)</u>	<u>-</u>
Total operating costs	<u>(5,750,425)</u>	<u>(95)</u>	<u>(7,107,324)</u>	<u>(95)</u>
GROSS PROFIT	334,259	5	370,660	5
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>-</u>	<u>-</u>	<u>982</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>334,259</u>	<u>5</u>	<u>371,642</u>	<u>5</u>
OPERATING EXPENSES (Notes 4, 20 and 22)				
Selling and marketing expenses	(119,179)	(2)	(128,991)	(2)
General and administrative expenses	(77,841)	(1)	(84,657)	(1)
Expected credit loss (Note 10)	<u>-</u>	<u>-</u>	<u>(3,354)</u>	<u>-</u>
Total operating expenses	<u>(197,020)</u>	<u>(3)</u>	<u>(217,002)</u>	<u>(3)</u>
PROFIT FROM OPERATIONS	<u>137,239</u>	<u>2</u>	<u>154,640</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Other income	84,869	1	132,795	2
Other gains or losses	(5,574)	-	(19,238)	-
Finance costs	(36,736)	-	(20,527)	-
Share of profit or loss of subsidiaries accounted for using the equity method	23,318	-	33,719	-
Interest income	<u>25,761</u>	<u>1</u>	<u>3,735</u>	<u>-</u>
Total non-operating income and expenses	<u>91,638</u>	<u>2</u>	<u>130,484</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	228,877	4	285,124	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(28,408)</u>	<u>(1)</u>	<u>(31,300)</u>	<u>(1)</u>

(Continued)

YUAN JEN ENTERPRISES CO., LTD.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET PROFIT FOR THE YEAR	\$ 200,469	3	\$ 253,824	3
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	6,481	-	7,821	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 21)	355,270	6	(240,797)	(3)
Share of the other comprehensive income of subsidiary accounted for using the equity method (Note 21)	33,984	1	39,248	1
Income tax related to remeasurement of defined benefit plans to profit or loss (Notes 4 and 23)	(1,296)	-	(1,564)	-
Total items that will not be reclassified subsequently to profit or loss	394,439	7	(195,292)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 21)	(8,470)	-	12,425	-
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 4, 21 and 23)	1,694	-	(2,485)	-
Total items that may be reclassified subsequently to profit or loss	(6,776)	-	9,940	-
Other comprehensive income (loss) for the year, net of income tax	387,663	7	(185,352)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 588,132	10	\$ 68,472	1
EARNINGS PER SHARE (Note 24)				
Basic	\$ 1.10		\$ 1.40	
Diluted	\$ 1.10		\$ 1.39	

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

(Concluded)

YUAN JEN ENTERPRISES CO., LTD.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Asset at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 1,818,300	\$ 2,287	\$ 366,145	\$ 638,893	\$ (38,189)	\$ 1,547,406	\$ 4,334,842
Appropriation of 2021 earnings (Note 21)							
Legal reserve	-	-	29,439	(29,439)	-	-	-
Cash dividends distributed by the Company	-	-	-	(223,651)	-	-	(223,651)
Net profit for the year ended December 31, 2022	-	-	-	253,824	-	-	253,824
Other comprehensive (loss) income for the year ended December 31, 2022, net of income tax (Notes 4 and 21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,257</u>	<u>9,940</u>	<u>(201,549)</u>	<u>(185,352)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,081</u>	<u>9,940</u>	<u>(201,549)</u>	<u>68,472</u>
Disposal of investments in equity instruments at a fair value through other comprehensive income (Notes 4 and 21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,860</u>	<u>-</u>	<u>(1,860)</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2022	1,818,300	2,287	395,584	647,744	(28,249)	1,343,997	4,179,663
Appropriation of 2022 earnings (Note 21)							
Legal reserve	-	-	26,194	(26,194)	-	-	-
Cash dividends distributed by the Company	-	-	-	(181,830)	-	-	(181,830)
Net profit for the year ended December 31, 2023	-	-	-	200,469	-	-	200,469
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax (Notes 4 and 21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,185</u>	<u>(6,776)</u>	<u>389,254</u>	<u>387,663</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,654</u>	<u>(6,776)</u>	<u>389,254</u>	<u>588,132</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 1,818,300</u>	<u>\$ 2,287</u>	<u>\$ 421,778</u>	<u>\$ 645,374</u>	<u>\$ (35,025)</u>	<u>\$ 1,733,251</u>	<u>\$ 4,585,965</u>

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

YUAN JEN ENTERPRISES CO., LTD.

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 228,877	\$ 285,124
Adjustments for:		
Depreciation expense	12,375	12,800
Amortization expense	1,455	1,568
Expected credit loss	-	3,354
Net loss on fair value changes of financial assets at fair value through profit or loss	1,855	20,650
Finance costs	36,736	20,527
Interest income	(25,761)	(3,735)
Dividends income	(82,317)	(131,424)
Share of profit or loss of subsidiaries accounted for using the equity method	(23,318)	(33,719)
Write-down of inventories	333	-
Realized gain on transactions with subsidiaries	-	(982)
Net loss on foreign currency exchange	10,302	11,535
Gain on disposal of property, plant and equipment	-	(78)
Gain on lease modification	-	(30)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(284)	14,341
Notes receivable	(6,779)	67,975
Accounts receivable	77,268	186,378
Accounts receivable from related parties	(3,489)	41,036
Other receivables	1,496	(1,014)
Inventories	(42,539)	8,816
Prepayments	2,158	18,068
Other current assets	(3,144)	(1,098)
Contract liabilities - current	738	(2,003)
Notes payable	1,115	(5,734)
Accounts payable	18,103	(45,921)
Accounts payable to related parties	1,690	5,503
Other payables	(7,607)	(9,870)
Other current liabilities	-	980
Net defined benefit liabilities	212	1,786
Cash generated from operations	199,475	464,833
Interest received	26,185	2,334
Dividends received	107,674	142,335
Interest paid	(36,446)	(19,815)
Income tax paid	(31,336)	(48,142)
Net cash generated from operating activities	265,552	541,545

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YUAN JEN ENTERPRISES CO., LTD.

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (57,631)	\$ (99,681)
Disposal of financial assets at fair value through other comprehensive income	-	2,367
Purchase of financial assets at amortized cost	(9,511)	(650)
Proceeds from sale of financial assets at amortized cost	2,637	-
Payments for property, plant and equipment (Note 25)	(3,454)	(11,531)
Proceeds from sale of property, plant and equipment	-	78
Decrease in refundable deposits	113	2,998
Payments for intangible assets	(800)	(909)
Increase in prepayment for equipment	<u>(528)</u>	<u>(865)</u>
Net cash used in investing activities	<u>(69,174)</u>	<u>(108,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(104,350)	580,405
Decrease in short-term bills payable	(14,923)	(254,274)
Repayments of the principal portion of lease liabilities	(1,665)	(2,434)
Cash dividends paid	<u>(181,830)</u>	<u>(223,651)</u>
Net cash (used in) generated from financing activities	<u>(302,768)</u>	<u>100,046</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(4,817)</u>	<u>(10,851)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(111,207)	522,547
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>569,820</u>	<u>47,273</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 458,613</u>	<u>\$ 569,820</u>

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

(Concluded)

YUAN JEN ENTERPRISES CO., LTD.

NOTES TO SEPARATE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yuan Jen Enterprises Co., Ltd. (the “Company”) was incorporated in Taipei in July 1977. The Company is mainly engaged in manufacturing, processing, trading and wholesale of chemicals, gasoline and diesel, as well as building rentals.

The Company’s shares were traded on the Taipei Exchange from April 29, 1998 to September 10, 2000 and its listing was transferred to the Taiwan Stock Exchange on September 11, 2000.

The Company is a listed company with decentralized shareholding, and therefore it has no parent company.

The financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The separate financial statements were approved by the Company’s board of directors on March 5, 2024.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall 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.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the separate financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - 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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity 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 separate financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For the convenience of readers, the accompanying separate financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language separate financial statements shall prevail.

a. Statement of compliance

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

b. Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these separate financial statements, the Company accounted for subsidiaries using the equity method. In order for the amounts of net income, other comprehensive income and equity in the separate financial statements to agree with the amount attributable to shareholders of the parent company in the consolidated financial statement, the differences in accounting treatments between the separate basis and the consolidated basis are adjusted under the heading of investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, in these separate financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the separate financial statements, the functional currencies of the Company a (including subsidiaries and associates in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the separate financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the separate financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

h. Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation for investment properties is recognized using the straight-line method.

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

i. Intangible assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition

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

j. Impairment of property, plant and equipment, investment property, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income, any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, time deposits with original maturities of more than 3 months and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Company considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. The financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of chemicals and oils. Sales of chemicals and oils are recognized as revenue when the goods are delivered to the customer's specific location or when the terms of the delivery have been fulfilled because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently. The transaction price received is recognized as contract liabilities until the goods have been delivered to the customer. Sales returns and allowances are recognized in profit or loss in the year of returns and allowances of goods.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the separate balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the separate balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability is the appropriation deficit of the defined benefit pension plan.

p. Taxation

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

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company's management, the accounting policies, estimates and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 400	\$ 400
Demand deposits	7,856	43,107
Checking accounts	67,388	34,190
Cash equivalents (investment with original maturities of 3 months or less)		
Time deposits	<u>382,969</u>	<u>492,123</u>
	<u>\$ 458,613</u>	<u>\$ 569,820</u>

Cash equivalents include time deposits that are highly liquid, readily convertible or in fixed amounts with minimal risk of changes in value shall be used to meet short-term cash commitments.

The market rate intervals of cash in the bank of the year were as follows:

	December 31	
	2023	2022
Time deposits	5.64%-5.81%	4.28%-5.00%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 162,874	\$ 161,456
Mutual funds	<u>5,065</u>	<u>4,815</u>
	<u>\$ 167,939</u>	<u>\$ 166,271</u>

(Continued)

	December 31	
	2023	2022
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	\$ 16,747	\$ 19,960
Domestic privately placed unlisted shares	<u>143</u>	<u>169</u>
	<u>\$ 16,890</u>	<u>\$ 20,129</u>
		(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 3,040,672</u>	<u>\$ 2,638,402</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 24,739</u>	<u>\$ 14,108</u>

These investments in equity instruments are held for medium- to long-term strategic purposes and are expected to generate return in a long run. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

Refer to Note 29 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Reserve account	\$ 1,395	\$ 4,032
Pledged time deposits	<u>156,040</u>	<u>146,529</u>
	<u>\$ 157,435</u>	<u>\$ 150,561</u>

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other

public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Company considers the historical default situation of debtors, the current financial condition of debtors, and industry forecast of the industries to estimate 12-month or lifetime expected credit losses. As of December 31, 2023 and 2022, the expected credit loss for debt instrument investments held by the Company was 0%.

As of December 31, 2023 and 2022, the ranges of interest rates for above bank deposits were 0.30%-1.575% and 0.20%-1.20%, respectively.

Refer to Note 29 for information relating to financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 152,459	\$ 145,680
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 152,459</u>	<u>\$ 145,680</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 692,466	\$ 775,681
Less: Allowance for impairment loss	<u>(5,715)</u>	<u>(5,715)</u>
	<u>\$ 686,751</u>	<u>\$ 769,966</u>
<u>Overdue receivables</u>		
At amortized cost		
Gross carrying amount	\$ 15,627	\$ 15,635
Less: Allowance for impairment loss	<u>(15,627)</u>	<u>(15,635)</u>
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
Tax refund receivable - business tax	\$ 1,532	\$ 2,552
Others	<u>1,755</u>	<u>2,655</u>
	<u>\$ 3,287</u>	<u>\$ 5,207</u>

a. Notes receivable/accounts receivable/overdue receivables

The average credit period of notes receivable was 30 to 150 days. As the recoverability of the notes receivable, accounts receivable and overdue receivables were determined, the Company has considered any changes in credit quality of notes receivable, accounts receivable and overdue receivables from initial credit date to balance sheet date.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes receivable, accounts receivable and overdue receivables. The expected credit losses are estimated using a provision matrix approach prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The following table details the loss allowance of notes receivable based on the Company's provision matrix.

	December 31	
	2023	2022
	Less than 180 Days	Less than 180 Days
Expected credit loss rate	0%	0%
Gross carrying amount	\$ 152,459	\$ 145,680
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 152,459</u>	<u>\$ 145,680</u>

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

The following table details the loss allowance of accounts receivable and overdue receivables based on the Company's provision matrix.

December 31, 2023

	Less than 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.82%	1.02%	1.52%	100%	100%	
Gross carrying amount	\$ 663,002	\$ 27,772	\$ 1,691	\$ -	\$ 15,628	\$ 708,093
Loss allowance (Lifetime ECL)	<u>(5,405)</u>	<u>(283)</u>	<u>(26)</u>	<u>-</u>	<u>(15,628)</u>	<u>(21,342)</u>
Amortized cost	<u>\$ 657,597</u>	<u>\$ 27,489</u>	<u>\$ 1,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,751</u>

December 31, 2022

	Less than 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.73%	0.87%	0.88%	100%	100%	
Gross carrying amount	\$ 753,014	\$ 21,982	\$ 685	\$ -	\$ 15,635	\$ 791,316
Loss allowance (Lifetime ECL)	<u>(5,519)</u>	<u>(190)</u>	<u>(6)</u>	<u>-</u>	<u>(15,635)</u>	<u>(21,350)</u>
Amortized cost	<u>\$ 747,495</u>	<u>\$ 21,792</u>	<u>\$ 679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,966</u>

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

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

	December 31	
	2023	2022
Balance at January 1	\$ 21,350	\$ 18,221
Add: Impairment loss recognized	-	3,354
Less: Amounts written off	<u>(8)</u>	<u>(225)</u>
Balance at December 31	<u>\$ 21,342</u>	<u>\$ 21,350</u>

Refer to Note 29 for information relating to notes receivable pledged as security.

b. Other receivables

The Company's other receivables are mainly uncollected amounts such as tax refund receivable - business tax. The Company adopted a policy of dealing only with creditworthy counterparties. The Company determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2023 and 2022, the Company assessed that the expected credit loss rate of other receivables was 0%.

11. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ <u>138,002</u>	\$ <u>95,796</u>

The nature of the cost of goods sold as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 5,749,201	\$ 7,106,430
Inventory write-downs	<u>333</u>	<u>-</u>
	<u>\$ 5,749,534</u>	<u>\$ 7,106,430</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2023	2022
Unlisted companies		
Yuan Hsin Investment Corporation	\$ 844,544	\$ 816,074
Yuanjen Holdings Limited	525,787	530,786
Yuanjen International Limited	<u>2,691</u>	<u>2,687</u>
	<u>\$ 1,373,022</u>	<u>\$ 1,349,547</u>

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Yuan Hsin Investment Corporation	100%	100%
Yuanjen Holdings Limited	100%	100%
Yuanjen International Limited	100%	100%

The share of profit or loss and other comprehensive income of investments in subsidiaries for the years ended December 31, 2023 and 2022 was recognized according to the each subsidiary's financial statements audited by the certified public accountant in the same period.

13. PROPERTY, PLANT AND EQUIPMENT - USED BY THE COMPANY

	Freehold Land	Buildings	Machinery	Transportation Equipment	Leasehold Improvement	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 678,916	\$ 139,985	\$ 7,373	\$ 46,161	\$ 1,198	\$ 32,979	\$ 906,612
Additions	-	4,279	-	6,634	-	618	11,531
Disposals	-	-	-	(4,044)	-	(33)	(4,077)
Reclassification (Note)	-	-	-	<u>60</u>	-	-	<u>60</u>
Balance at December 31, 2022	<u>\$ 678,916</u>	<u>\$ 144,264</u>	<u>\$ 7,373</u>	<u>\$ 48,811</u>	<u>\$ 1,198</u>	<u>\$ 33,564</u>	<u>\$ 914,126</u>
<u>Accumulated depreciation</u>							

Balance at January 1, 2022	\$ -	\$ 88,111	\$ 5,315	\$ 37,022	\$ 590	\$ 31,028	\$ 162,066
Disposals	-	-	-	(4,044)	-	(33)	(4,077)
Depreciation expense	-	4,872	298	3,332	608	811	9,921
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 92,983</u>	<u>\$ 5,613</u>	<u>\$ 36,310</u>	<u>\$ 1,198</u>	<u>\$ 31,806</u>	<u>\$ 167,910</u>
Carrying amount at December 31, 2022	<u>\$ 678,916</u>	<u>\$ 51,281</u>	<u>\$ 1,760</u>	<u>\$ 12,501</u>	<u>\$ -</u>	<u>\$ 1,758</u>	<u>\$ 746,216</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 678,916	\$ 144,264	\$ 7,373	\$ 48,811	\$ 1,198	\$ 33,564	\$ 914,126
Additions	-	-	-	2,380	-	1,099	3,479
Disposals	-	-	-	(1,900)	-	(42)	(1,942)
Reclassification (Note)	-	-	-	865	-	-	865
Balance at December 31, 2023	<u>\$ 678,916</u>	<u>\$ 144,264</u>	<u>\$ 7,373</u>	<u>\$ 50,156</u>	<u>\$ 1,198</u>	<u>\$ 34,621</u>	<u>\$ 916,528</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 92,983	\$ 5,613	\$ 36,310	\$ 1,198	\$ 31,806	\$ 167,910
Disposals	-	-	-	(1,900)	-	(42)	(1,942)
Depreciation expense	-	4,994	282	4,066	-	889	10,231
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 97,977</u>	<u>\$ 5,895</u>	<u>\$ 38,476</u>	<u>\$ 1,198</u>	<u>\$ 32,653</u>	<u>\$ 176,199</u>
Carrying amount at December 31, 2023	<u>\$ 678,916</u>	<u>\$ 46,287</u>	<u>\$ 1,478</u>	<u>\$ 11,680</u>	<u>\$ -</u>	<u>\$ 1,968</u>	<u>\$ 740,329</u>

Note: The balance is reclassification from prepayment for equipment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	18-50 years
Oil tank base engineering	15 years
Civil engineering repairs, etc.	10-20 years
Machinery	5-10 years
Transportation equipment	2-6 years
Leasehold improvement	2 years
Other equipment	3-20 years

Refer to Note 29 for information relating to the carrying amounts of property, plant and equipment mortgaged by the Company to secure borrowings.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Buildings	<u>\$ 3,458</u>	<u>\$ 3,888</u>
<u>For the Year Ended December 31</u>		
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 1,257</u>	<u>\$ 4,443</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 1,687</u>	<u>\$ 2,422</u>

Except for the above additions and recognized depreciation expenses, the Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	\$ 1,744	\$ 1,095
Non-current	\$ 1,749	\$ 2,806

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Buildings	1.40%-2.00%	1.18%-1.40%

c. Material leasing activities and terms

The Company leases certain buildings for the use of offices, warehouses, and employee dormitories with lease terms of 1 to 4 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

1) Refer to Note 15 for information relating to lease arrangements under operating leases for the leasing out of investment properties.

2)

	For the Year Ended December 31	
	2023	2022
Total cash outflow for leases	\$ (1,731)	\$ (2,480)

15. INVESTMENT PROPERTIES

	Finished Investment Properties		
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and December 31, 2022	\$ 67,328	\$ 36,041	\$ 103,369
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 25,185	\$ 25,185
Depreciation expense	-	457	457
Balance at December 31, 2022	\$ -	\$ 25,642	\$ 25,642
Carrying amount at December 31, 2022	\$ 67,328	\$ 10,399	\$ 77,727

Cost

Balance at January 1 and December 31, 2023	<u>\$ 67,328</u>	<u>\$ 36,041</u>	<u>\$ 103,369</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 25,642	\$ 25,642
Depreciation expense	<u>-</u>	<u>457</u>	<u>457</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 26,099</u>	<u>\$ 26,099</u>
Carrying amount at December 31, 2023	<u>\$ 67,328</u>	<u>\$ 9,942</u>	<u>\$ 77,270</u>

The investment properties are leased out for 1 to 3 years, and the lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 7,145	\$ 7,031
Year 2	4,085	8,051
Year 3	<u>114</u>	<u>3,971</u>
	<u>\$ 11,344</u>	<u>\$ 19,053</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	20-55 years
Buildings renovation	15-20 years

The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Company used Level 3 input values by the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The fair value as appraised was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value	<u>\$ 440,342</u>	<u>\$ 427,481</u>

All of the Company's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 11,559
Additions	909
Disposals	<u>(2,381)</u>
Balance at December 31, 2022	<u>\$ 10,087</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 5,504
Amortization expense	1,568
Disposals	<u>(2,381)</u>
Balance at December 31, 2022	<u>\$ 4,691</u>
Carrying amount at December 31, 2022	<u>\$ 5,396</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 10,087
Additions	800
Disposals	<u>(70)</u>
Balance at December 31, 2023	<u>\$ 10,817</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 4,691
Amortization expense	1,455
Disposals	<u>(70)</u>
Balance at December 31, 2023	<u>\$ 6,076</u>
Carrying amount at December 31, 2023	<u>\$ 4,741</u>

The intangible assets are amortized at straight-line method over their estimated useful lives as follows:

Computer software	2-10 years
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17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Bank loans	\$ 366,000	\$ 675,000
Credit for material purchase	<u>167,376</u>	<u>195,365</u>
	<u>533,376</u>	<u>870,365</u>
Unsecured borrowings		
Credit borrowings	1,220,500	1,019,000
Credit for material purchase	<u>79,204</u>	<u>47,510</u>
	<u>1,299,704</u>	<u>1,066,510</u>
	<u>\$ 1,833,080</u>	<u>\$ 1,936,875</u>

The weighted average effective interest rate on bank loans were 0%-1.95% and 0%-2.13% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	\$ 105,000	\$ 125,000
Bank acceptances	<u>17,705</u>	<u>12,627</u>
	122,705	137,627
Less: Unamortized discounts on bills payable	<u>(114)</u>	<u>(131)</u>
	<u>\$ 122,591</u>	<u>\$ 137,496</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

Guarantee/Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Taiwan Finance Corporation	\$ 15,000	\$ (3)	\$ 14,997	1.45%
Ta Ching Bills Finance Corporation	20,000	(44)	19,956	1.69%
International Bills Finance Corporation	40,000	(44)	39,956	1.68%
Grand Bills Finance Corporation	<u>30,000</u>	<u>(23)</u>	<u>29,977</u>	1.60%-1.67%
	<u>\$ 105,000</u>	<u>\$ (114)</u>	<u>\$ 104,886</u>	
<u>Bank acceptances</u>				
Bank of Panhsin Minsheng Branch	<u>\$ 17,705</u>	<u>\$ -</u>	<u>\$ 17,705</u>	-

December 31, 2022

Guarantee/Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Taiwan Finance Corporation	\$ 15,000	\$ (3)	\$ 14,997	1.30%
Ta Ching Bills Finance Corporation	20,000	(56)	19,944	1.85%
International Bills Finance Corporation	60,000	(39)	59,961	1.90%
Grand Bills Finance Corporation	<u>30,000</u>	<u>(33)</u>	<u>29,967</u>	1.53%-1.65%
	<u>\$ 125,000</u>	<u>\$ (131)</u>	<u>\$ 124,869</u>	
<u>Bank acceptances</u>				
Union Bank Of Taiwan Taipei Branch	\$ 7,076	\$ -	\$ 7,076	-
Bank of Panhsin Minsheng Branch	<u>5,551</u>	<u>-</u>	<u>5,551</u>	-
	<u>\$ 12,627</u>	<u>\$ -</u>	<u>\$ 12,627</u>	

c. Refer to Note 29 for information relating to the collateral of borrowings.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	2023	2022
<u>Notes payable</u>		
Operating	<u>\$ 25,401</u>	<u>\$ 24,286</u>
<u>Accounts payable</u>		
Operating	<u>\$ 441,571</u>	<u>\$ 424,485</u>

19. OTHER PAYABLES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 23,623	\$ 25,812
Payables for freight	3,158	4,590
Payables for pensions	939	4,615
Others	<u>7,298</u>	<u>7,311</u>
	<u>\$ 35,018</u>	<u>\$ 42,328</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the separate balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 59,228	\$ 62,533
Fair value of plan assets	<u>(25,128)</u>	<u>(22,164)</u>
Net defined benefit liabilities	<u>\$ 34,100</u>	<u>\$ 40,369</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 66,399</u>	<u>\$ (19,995)</u>	<u>\$ 46,404</u>
Service cost			
Current service cost	2,049	-	2,049
Net interest expense (income)	<u>332</u>	<u>(101)</u>	<u>231</u>
Recognized in profit or loss	<u>2,381</u>	<u>(101)</u>	<u>2,280</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,574)	(1,574)
Actuarial gain - changes in financial assumptions	(6,206)	-	(6,206)
Actuarial gain - experience adjustments	<u>(41)</u>	<u>-</u>	<u>(41)</u>
Recognized in other comprehensive income	<u>(6,247)</u>	<u>(1,574)</u>	<u>(7,821)</u>
Contributions from employers	<u>-</u>	<u>(494)</u>	<u>(494)</u>
Balance at December 31, 2022	<u>\$ 62,533</u>	<u>\$ (22,164)</u>	<u>\$ 40,369</u>
Balance at January 1, 2023	\$ 62,533	\$ (22,164)	\$ 40,369
Service cost			
Current service cost	1,741	-	1,741
Past service costs	347	-	347
Net interest expense (income)	<u>938</u>	<u>(336)</u>	<u>602</u>
Recognized in profit or loss	<u>3,026</u>	<u>(336)</u>	<u>2,690</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(150)	(150)
Actuarial loss - changes in financial assumptions	675	-	675
Actuarial gain - experience adjustments	<u>(7,006)</u>	<u>-</u>	<u>(7,006)</u>
Recognized in other comprehensive income	<u>(6,331)</u>	<u>(150)</u>	<u>(6,481)</u>
Contributions from employers	<u>-</u>	<u>(2,478)</u>	<u>(2,478)</u>
Balance at December 31, 2023	<u>\$ 59,228</u>	<u>\$ (25,128)</u>	<u>\$ 34,100</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	For the Year Ended December 31	
	2023	2022
Selling and marketing expenses	\$ 1,171	\$ 1,140
General and administrative expenses	<u>1,519</u>	<u>1,140</u>
	<u>\$ 2,690</u>	<u>\$ 2,280</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the

mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.375%	1.50%
Expected rate of salary increase	2.25%	2.25%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (1,338)</u>	<u>\$ (1,429)</u>
0.25% decrease	<u>\$ 1,383</u>	<u>\$ 1,476</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,346</u>	<u>\$ 1,438</u>
0.25% decrease	<u>\$ (1,310)</u>	<u>\$ (1,399)</u>

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 451</u>	<u>\$ 477</u>
Average duration of the defined benefit obligation	10 years	10 years

21. EQUITY

a. Share capital - ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>181,830</u>	<u>181,830</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 1,818,300</u>	<u>\$ 1,818,300</u>

The par value of the issued ordinary shares is NT\$10. Each share entitles its holder to the right to vote and to receive dividends.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 1,524	\$ 1,524
<u>May only be used to offset a deficit only</u>		
Treasure share transactions (2)	<u>763</u>	<u>763</u>
	<u>\$ 2,287</u>	<u>\$ 2,287</u>

1) Such the capital surplus may be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus represents the effect of capital surplus arising from the issuance of the Company's employee stock options.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles").

Where the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders. If all or part of the dividends are distributed in the form of cash, the board of directors is authorized to resolve the distribution plan with the attendance of more than two-thirds of the directors and the approval of more than half of the directors present, and such distribution shall be reported to the shareholders in their meeting. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 22.i.

Considering the sustainable growth in operations and expand scale to create competitive advantages, as well as in compliance with the relevant laws and regulations, where the Company made a profit in a fiscal year, the profit first utilized for legal reserve and special reserve shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and cash dividends to shareholders and cash dividends may not be less than 10% of total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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 appropriations of earnings for 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 26,194</u>	<u>\$ 29,439</u>
Cash dividends	<u>\$ 181,830</u>	<u>\$ 223,651</u>
Dividends per share (NT\$)	<u>\$ 1.00</u>	<u>\$ 1.23</u>

The above 2022 and 2021 appropriations for cash dividends were resolved by the Company's board of directors on March 24, 2023 and March 18, 2022, respectively. The appropriations of earnings for 2022 and 2021 were resolved by the shareholders in their meetings on June 16, 2023 and June 9, 2022, respectively.

The appropriation of earnings for 2023 proposed by the Company's board of directors on March 5, 2024, was as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 20,565</u>
Cash dividends	<u>\$ 154,555</u>
Dividends per share (NT\$)	<u>\$ 0.85</u>

The appropriation of earnings for 2023 will be resolved in the shareholders' meeting to be held on June 12, 2024.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (28,249)	\$ (38,189)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(8,470)	12,425
Income tax on exchange differences on the translation of the financial statements of foreign operations	<u>1,694</u>	<u>(2,485)</u>
Other comprehensive (loss) income recognized for the year	<u>(6,776)</u>	<u>9,940</u>
Balance at December 31	<u>\$ (35,025)</u>	<u>\$ (28,249)</u>

2) Unrealized valuation gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,343,997	\$ 1,547,406
Recognized for the year		
Unrealized gain (loss) - equity instruments	355,270	(240,797)
Share from subsidiary accounted for using the equity method	<u>33,984</u>	<u>39,248</u>
Other comprehensive income (loss) recognized for the year	<u>389,254</u>	<u>(201,549)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings to disposal	<u>-</u>	<u>(1,860)</u>
Balance at December 31	<u>\$ 1,733,251</u>	<u>\$ 1,343,997</u>

22. NET INCOME

a. Operating revenue

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	\$ 6,076,149	\$ 7,470,304
Rental revenue	<u>8,535</u>	<u>7,680</u>
	<u>\$ 6,084,684</u>	<u>\$ 7,477,984</u>

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable, accounts receivable and overdue receivables (Notes 10 and 28)	<u>\$ 845,901</u>	<u>\$ 918,848</u>	<u>\$ 1,218,868</u>
Contract liabilities - current			
Sale of goods	<u>\$ 3,690</u>	<u>\$ 2,952</u>	<u>\$ 4,955</u>

Revenues recognized in 2023 and 2022 from the satisfaction of performance obligations of contract liabilities at the beginning of the year were \$2,881 thousand and \$4,923 thousand, respectively.

b. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits and imputed interest on deposits	<u>\$ 25,761</u>	<u>\$ 3,735</u>

c. Other income

	For the Year Ended December 31	
	2023	2022
Dividends		
Financial assets at FVTPL	\$ 2,735	\$ 10,720
Investments in equity instruments at FVTOCI	<u>79,582</u>	<u>120,704</u>
	82,317	131,424
Others	<u>2,552</u>	<u>1,371</u>
	<u>\$ 84,869</u>	<u>\$ 132,795</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	\$ (1,855)	\$ (20,650)
Net foreign exchange (losses) gains	(3,687)	1,304
Gain on disposal of property, plant and equipment	-	78
Gain on lease modification	-	30
Others	<u>(32)</u>	<u>-</u>
	<u>\$ (5,574)</u>	<u>\$ (19,238)</u>

e. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 36,670	\$ 20,481
Interest on lease liabilities	<u>66</u>	<u>46</u>
	<u>\$ 36,736</u>	<u>\$ 20,527</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 10,231	\$ 9,921
Right-of-use assets	1,687	2,422
Investment properties	457	457
Intangible assets	<u>1,455</u>	<u>1,568</u>
	<u>\$ 13,830</u>	<u>\$ 14,368</u>
An analysis of depreciation by function		
Operating costs	\$ 457	\$ 457
Operating expenses	<u>11,918</u>	<u>12,343</u>
	<u>\$ 12,375</u>	<u>\$ 12,800</u>
An analysis of amortization by function		
General and administrative expenses	<u>\$ 1,455</u>	<u>\$ 1,568</u>

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties generating rental income		
Depreciation expense	\$ 457	\$ 457
Tax expense	<u>434</u>	<u>437</u>
	<u>\$ 891</u>	<u>\$ 894</u>

h. Employee benefit expenses

	For the Year Ended December 31	
	2023	2022
Short-term benefits		
Salaries, bonuses and reward	\$ 72,145	\$ 73,642
Post-employment benefits (Note 20)		
Defined contribution plans	2,038	1,971
Defined benefit plans	<u>2,690</u>	<u>2,280</u>
	<u>4,728</u>	<u>4,251</u>
Pension of managers	<u>1,092</u>	<u>1,139</u>
Other employee benefits	<u>12,337</u>	<u>12,995</u>
Total employee benefit expenses	<u>\$ 90,302</u>	<u>\$ 92,027</u>
An analysis of employee benefit expense by function		
Operating expenses (statement 26)	<u>\$ 90,302</u>	<u>\$ 92,027</u>

i. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, and remuneration of directors at votes of no higher than 2% of profit before income tax, compensation of employees, and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the board of directors on March 5, 2024 and March 24, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	1.25%	1.25%
Remuneration of directors	0.50%	0.50%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 2,912	\$ -	\$ 3,628	\$ -
Remuneration of directors	1,165	-	1,451	-

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

There is no difference between actual resolved amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the separate financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

j. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 40,494	\$ 41,912
Foreign exchange losses	<u>(44,181)</u>	<u>(40,608)</u>
Net (losses) gains	<u>\$ (3,687)</u>	<u>\$ 1,304</u>

23. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 26,456	\$ 30,733
Income tax on unappropriated earnings	2,696	2,065
Adjustments for prior year	(10)	-
Deferred tax		
In respect of the current year	<u>(734)</u>	<u>(1,498)</u>
Income tax expense recognized in profit or loss	<u>\$ 28,408</u>	<u>\$ 31,300</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 228,877</u>	<u>\$ 285,124</u>
Income tax expense calculated at the statutory rate	\$ 45,775	\$ 57,025
Nondeductible expenses in determining taxable income	6	-
Tax-exempt income	(20,059)	(27,790)
Income tax on unappropriated earnings	2,696	2,065
Adjustments for prior years' tax	<u>(10)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 28,408</u>	<u>\$ 31,300</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (1,296)	\$ (1,564)
Translation of the financial statements of foreign operations	<u>1,694</u>	<u>(2,485)</u>
	<u>\$ 398</u>	<u>\$ (4,049)</u>

- c. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 11,354</u>	<u>\$ 13,548</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Loss	Closing Balance
Temporary differences				
Exchange loss	\$ 2,545	\$ 1,177	\$ -	\$ 3,722
Inventory write-downs	38	66	-	104
Defined benefit obligations	7,015	42	-	7,057
Allowance for impairment loss	2,390	144	-	2,534
Exchange differences on translating of the financial statements of foreign operations	<u>2,367</u>	<u>-</u>	<u>1,694</u>	<u>4,061</u>
	<u>\$ 14,355</u>	<u>\$ 1,429</u>	<u>\$ 1,694</u>	<u>\$ 17,478</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	\$ 29,670	\$ 695	\$ -	\$ 30,365
Remeasurement of defined benefit plans	<u>2,820</u>	<u>-</u>	<u>1,296</u>	<u>4,116</u>
	<u>\$ 32,490</u>	<u>\$ 695</u>	<u>\$ 1,296</u>	<u>\$ 34,481</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Loss	Closing Balance
Temporary differences				
Exchange loss	\$ 78	\$ 2,467	\$ -	\$ 2,545
Unrealized gross profit	196	(196)	-	-
Inventory write-downs	565	(527)	-	38
Defined benefit obligations	6,658	357	-	7,015
Allowance for impairment loss	1,884	506	-	2,390
Exchange differences on translating of the financial statements of foreign operations	<u>4,852</u>	<u>-</u>	<u>(2,485)</u>	<u>2,367</u>
	<u>\$ 14,233</u>	<u>\$ 2,607</u>	<u>\$ (2,485)</u>	<u>\$ 14,355</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	\$ 28,561	\$ 1,109	\$ -	\$ 29,670
Remeasurement of defined benefit plans	<u>1,256</u>	<u>-</u>	<u>1,564</u>	<u>2,820</u>
	<u>\$ 29,817</u>	<u>\$ 1,109</u>	<u>\$ 1,564</u>	<u>\$ 32,490</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the separate balance sheets

	December 31	
	2023	2022
Impairment loss of financial assets	<u>\$ 33,886</u>	<u>\$ 33,886</u>

- f. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities, and there is no any pending business income tax litigation.

24. EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.10</u>	<u>\$ 1.40</u>
Diluted earnings per share	<u>\$ 1.10</u>	<u>\$ 1.39</u>

The weighted average number of shares outstanding used for the earnings per shares computation was adjusted retroactively for the issuance of bonus shares. However, there had no situation retroactively for the issuance of bonus shares for the years ended December 31, 2023 and 2022.

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 200,469</u>	<u>\$ 253,824</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	181,830	181,830
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>172</u>	<u>218</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>182,002</u>	<u>182,048</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CASH FLOW INFORMATION

- a. The Company entered into the following partial cash investing activities for the years ended December 31, 2023 and 2022:

	For the Year Ended December 31	
	2023	2022
Partial cash payments for acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	\$ 3,479	\$ 11,531
Changes in payables for equipment	<u>(25)</u>	<u>-</u>
Cash payments	<u>\$ 3,454</u>	<u>\$ 11,531</u>

- b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

			Non-cash Changes					
	Opening Balance	Cash Flows	Amortization of Interest Expenses	New Leases	Lease Modifications	Effect of Foreign Currency Exchange Differences	Others	Closing Balance
Short-term borrowings	\$ 1,936,875	\$ (104,350)	\$ -	\$ -	\$ -	\$ 555	\$ -	\$ 1,833,080
Short-term bills payable	137,496	(14,923)	-	-	-	-	18	122,591
Lease liabilities	3,901	(1,665)	66	1,257	-	-	(66)	3,493
Guarantee deposits received	<u>1,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202</u>
	<u>\$ 2,079,474</u>	<u>\$ (120,938)</u>	<u>\$ 66</u>	<u>\$ 1,257</u>	<u>\$ -</u>	<u>\$ 555</u>	<u>\$ (48)</u>	<u>\$ 1,960,366</u>

For the year ended December 31, 2022

			Non-cash Changes					
	Opening Balance	Cash Flows	Amortization of Interest Expenses	New Leases	Lease Modifications	Effect of Foreign Currency Exchange Differences	Others	Closing Balance
Short-term borrowings	\$ 1,357,296	\$ 580,405	\$ -	\$ -	\$ -	\$ (826)	\$ -	\$ 1,936,875
Short-term bills payable	391,699	(254,274)	-	-	-	-	71	137,496
Lease liabilities	3,509	(2,434)	46	4,443	(1,617)	-	(46)	3,901
Guarantee deposits received	1,202	-	-	-	-	-	-	1,202
	<u>\$ 1,753,706</u>	<u>\$ 323,697</u>	<u>\$ 46</u>	<u>\$ 4,443</u>	<u>\$ (1,617)</u>	<u>\$ (826)</u>	<u>\$ 25</u>	<u>\$ 2,079,474</u>

26. CAPITAL MANAGEMENT

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

The Company will review the capital structure periodically the contents of the review include the cost and risk of operation. Based on the recommendations of the management, the Company will supplement its working capital by borrowing from banks in order to balance the overall capital structure.

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

The Company is not subject to any other external capital requirement.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the separate financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 162,874	\$ -	\$ -	\$ 162,874
Domestic unlisted shares	-	-	16,747	16,747
Domestic privately placed unlisted shares	-	-	143	143
Mutual funds	<u>5,065</u>	<u>-</u>	<u>-</u>	<u>5,065</u>
	<u>\$ 167,939</u>	<u>\$ -</u>	<u>\$ 16,890</u>	<u>\$ 184,829</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 3,040,672	\$ -	\$ -	\$ 3,040,672
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>24,739</u>	<u>24,739</u>
	<u>\$ 3,040,672</u>	<u>\$ -</u>	<u>\$ 24,739</u>	<u>\$ 3,065,411</u> (Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 161,456	\$ -	\$ -	\$ 161,456
Domestic unlisted shares	-	-	19,960	19,960
Domestic privately placed unlisted shares	-	-	169	169
Mutual funds	<u>4,815</u>	<u>-</u>	<u>-</u>	<u>4,815</u>
	<u>\$ 166,271</u>	<u>\$ -</u>	<u>\$ 20,129</u>	<u>\$ 186,400</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic listed shares	\$ 2,638,402	\$ -	\$ -	\$ 2,638,402
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>14,108</u>	<u>14,108</u>
	<u>\$ 2,638,402</u>	<u>\$ -</u>	<u>\$ 14,108</u>	<u>\$ 2,652,510</u>

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 20,129	\$ 14,108	\$ 34,237
Recognized in other gains and losses	(3,239)	-	(3,239)
Recognized in unrealized gains and losses on financial assets at FVTOCI	<u>-</u>	<u>10,631</u>	<u>10,631</u>
Balance at December 31	<u>\$ 16,890</u>	<u>\$ 24,739</u>	<u>\$ 41,629</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1	\$ 10,141	\$ 16,435	\$ 26,576
Recognized in other gains and losses	10,198	-	10,198
Recognized in unrealized gains and losses on financial assets at FVTOCI	-	(1,820)	(1,820)
Disposal	<u>(210)</u>	<u>(507)</u>	<u>(717)</u>
Balance at December 31	<u>\$ 20,129</u>	<u>\$ 14,108</u>	<u>\$ 34,237</u>

3) Valuation techniques and assumption applied for fair value measurement

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

The fair values of domestic unlisted shares and domestic privately placed unlisted shares are estimated using the market approach with reference to the net value stated in the lasted financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 184,829	\$ 186,400
Financial assets at amortized cost (Note 1)	1,479,636	1,657,929
Financial assets at FVTOCI		
Equity instruments	3,065,411	2,652,510
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,448,681	2,548,935

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, other receivables (excluding value-added tax), financial assets at amortized cost - current, refundable deposits, and overdue receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, accounts payable to related parties, other payables (excluding payables for salaries or bonuses and payables for pensions), and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings and lease liabilities. These risks include market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and other price risk.

a) Foreign currency risk

The Company is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Company to be exposed to exchange rate risk. The Company regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging. For the carrying amounts of monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 31.

Sensitivity analysis

The Company is mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (U.S. dollar). 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Currency USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 3,698 (i)	\$ 5,351 (i)

(i.) This was mainly attributable to the exposure on monetary items denominated in U.S. dollars which were not hedged at the end of the reporting periods.

The sensitivity of the Company to the U.S. dollar decreased during the current period, mainly due to the decrease in net assets in U.S. dollars during the current period.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting periods were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 542,821	\$ 642,464
Financial liabilities	1,959,164	2,078,272
Cash flow interest rate risk		
Financial assets	15,751	53,639

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Company's profit before income tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$39 thousand and \$134 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its financial assets with floating rate.

The Company's interest rate sensitivity decreased during the period, which was mainly due to a decrease in bank deposits with floating interest rates.

c) Other price risks

The Company is exposed to equity price risk due to its investments in equity securities. The Company's management maintains a portfolio of investments with different risks for risk management purpose and the equity investment is a strategic investment. In addition, the Company regularly monitors and evaluates price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, profit before income tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,241 thousand and \$9,320 thousand, respectively; as a result of the changes in fair value of financial assets at FVTPL, and pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$153,271 thousand and \$132,626 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the separate balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company continuously evaluates the accounts receivable of the customers' financial position, if necessary, uses advance receipts as a transaction condition to reduce credit risk.

The Company's concentration of credit risk of 16% and 13% of in total accounts receivable as of December 31, 2023 and 2022, respectively, was related to the Company's five largest customers.

3) Liquidity risk

The Company managed liquidity risk by monitoring and maintained a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities set out in b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 448,113	\$ 34,917	\$ 8,778	\$ 1,202
Short-term liabilities	1,100,290	561,019	294,476	-
Lease liabilities	<u>149</u>	<u>297</u>	<u>1,338</u>	<u>1,768</u>
	<u>\$ 1,548,552</u>	<u>\$ 596,233</u>	<u>\$ 304,592</u>	<u>\$ 2,970</u>

December 31, 2022

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 431,352	\$ 39,409	\$ 2,601	\$ 1,202
Short-term liabilities	768,182	907,320	399,000	-
Lease liabilities	<u>95</u>	<u>190</u>	<u>857</u>	<u>2,857</u>
	<u>\$ 1,199,629</u>	<u>\$ 946,919</u>	<u>\$ 402,458</u>	<u>\$ 4,059</u>

b) Financing facilities

	<u>December 31</u>	
	2023	2022
Secured bank and financial institutions loan facilities which may be extended by mutual agreement		
Amount used	\$ 551,081	\$ 882,992
Amount unused	<u>2,428,919</u>	<u>2,097,008</u>
	<u>\$ 2,980,000</u>	<u>\$ 2,980,000</u>
Unsecured bank and financial institutions loan facilities which may be extended by mutual agreement		
Amount used	\$ 1,404,704	\$ 1,191,510
Amount unused	<u>1,650,296</u>	<u>1,663,490</u>
	<u>\$ 3,055,000</u>	<u>\$ 2,855,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party</u>	<u>Related Party Category</u>
Fountain Chemical Corporation	Director
Yongchang Charity Foundation	Related party in substance
Yuan Jen Chemical Trade (Shanghai) Co., Ltd.	Subsidiary
Yuan Hsin Investment Corporation	Subsidiary

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Subsidiaries	\$ 586	\$ 687
	Director	<u>16,360</u>	<u>3,390</u>
		<u>\$ 16,946</u>	<u>\$ 4,077</u>

The prices and collection period of sales transactions are based on the contract, which are similar to those of other companies in general.

c. Lease agreement

Revenue - operating lease

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental revenue	Subsidiary	\$ 24	\$ 24
	Director	86	86
	Related party in substance	<u>24</u>	<u>24</u>
		<u>\$ 134</u>	<u>\$ 134</u>

The rent is signed according to the general market conditions which is paid quarterly.

As of December 31, 2023 and 2022, the total lease payments to be received in the future are both \$134 thousand.

d. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Director	<u>\$ 45,518</u>	<u>\$ 28,133</u>

The prices and payment terms of purchase transactions with related parties, which are similar to those of other companies in general.

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Accounts receivable	Director	\$ 6,407	\$ 3,202
	Subsidiaries	<u>284</u>	<u>-</u>
		<u>\$ 6,691</u>	<u>\$ 3,202</u>

The outstanding receivables from related parties are unsecured and not past due. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for receivables from related parties.

- f. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Accounts payable	Director	\$ 14,380	\$ 12,690

The outstanding payables to related parties are unsecured.

- g. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 5,508	\$ 6,135
Post-employment benefits	288	315
	<u>\$ 5,796</u>	<u>\$ 6,450</u>

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

29. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for financing or guarantees:

	December 31	
	2023	2022
Financial assets at amortized cost		
Reserve accounts	\$ 1,395	\$ 4,032
Pledged time deposits	<u>156,040</u>	<u>146,529</u>
	<u>157,435</u>	<u>150,561</u>
Financial asset at FVTOCI - current	<u>352,013</u>	<u>353,588</u>
Notes receivable	<u>82,242</u>	<u>49,576</u>
Carrying amount of property, plant and equipment		
Land	589,882	589,882
Buildings	<u>32,320</u>	<u>36,054</u>
	<u>622,202</u>	<u>625,936</u>
	<u>\$ 1,213,892</u>	<u>\$ 1,179,661</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2023 and 2022 were as follows.

- a. The amount of the unused letters of credit issued by the Company for the purchase of raw materials and machinery and equipment is as follows:

	December 31	
	2023	2022
Issued unused letters of credit		
USD	\$ 1,900	\$ 486
NTD	\$ 852,078	\$ 849,830

The Company has commissioned the bank to issue letters of guarantee for raw materials purchasing:

	December 31	
	2023	2022
Issued letters of guarantee		
USD	\$ 400	\$ 1,224
NTD	\$ 224,100	\$ 218,830

- b. The amount of the outstanding notes for guarantee is as follows:

	December 31	
	2023	2022
Note of guaranteed notes (excluding borrowing guarantee notes)	\$ 3,000	\$ 3,000

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,998	30.705 (USD:NTD)	\$ 521,918
Non-monetary items			
Investments accounted for using the equity method			
USD	17,211	30.705 (USD:NTD)	\$ 528,478
<u>Financial liabilities</u>			
Monetary items			
USD	4,935	30.705 (USD:NTD)	\$ 152,095

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 23,084	30.710 (USD:NTD)	<u>\$ 708,890</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	17,371	30.710 (USD:NTD)	<u>\$ 533,473</u>
<u>Financial liabilities</u>			
Monetary items			
USD	5,659	30.710 (USD:NTD)	<u>\$ 173,750</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Gains
USD	31.155 (USD:NTD)	<u>\$ (3,687)</u>	29.805 (USD:NTD)	<u>\$ 1,304</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries): Table 2 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None

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

TABLE 1

YUAN JEN ENTERPRISES CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Except for Number of Shares)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
6	Yuan Jen Chemical Trade (Shanghai) Co., Ltd.	Yuan Jen Chemical Trade (Guangzhou) Co., Ltd.	Other receivables- related parties	Yes	\$ 21,675 (CNY 5,000)	\$ 21,675 (CNY 5,000)	\$ -	-	Short-term financing	\$ -	Operating capital	NA	NA	NA	\$ 4,585,965	\$ 4,585,965

Note 1: The investee company is numbered according to the order of the company.

Note 2: Foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company as a lender, the aggregate lending amount and the amount lending to a single company shall not exceed the Company’s net worth as stated in its latest financial statement, and the financing period is limited to 5 years.

Note 3: Converted at the exchange rate of December 31, 2023.

TABLE 2**YUAN JEN ENTERPRISES CO., LTD.****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Except for Number of Shares)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
Yuan Jen Enterprises Co., Ltd. (the “Company”)	<u>Mutual funds</u> Hua Nan Future Technology Fund of Funds	-	Financial assets at fair value through profit or loss - current	500,000	\$ 5,065	-	\$ 5,065	
	<u>Stock</u> E. Sun Financial Holding Company Ltd.	-	Financial assets at fair value through profit or loss - current	375,059	9,677	-	9,677	
	Taichung Commercial Bank Co., Ltd.	-	”	499,087	7,935	0.01	7,935	
	Taiwan Business Bank, Ltd.	-	”	726,321	9,951	0.01	9,951	
	China development Financial Holdings Corporation	-	”	7,700,000	96,635	0.04	96,635	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	-	”	783,942	35,787	0.26	35,787	
	Shin Kong Financial Holding Co., Ltd. - preferred stocks A	-	”	100,843	2,889	0.13	2,889	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	32,506,128	726,512	0.24	726,512	Note 2
	Taishin Financial Holding Co., Ltd.	-	”	24,843,169	449,661	0.18	449,661	
	CTBC Financial Holding Co., Ltd.	-	”	13,992,182	396,678	0.07	396,678	
	Taiwan Cooperative Financial Holding Co., Ltd.	-	”	3,197,170	85,365	0.02	85,365	
	First Financial Holding Co., Ltd.	-	”	10,948,949	300,001	0.08	300,001	
	Chang Hwa Commercial Bank, Ltd.	-	”	4,040,270	72,321	0.04	72,321	
	Cathay Financial Holdings Co., Ltd.	-	”	3,837,317	175,557	0.02	175,557	
	Shin Kong Financial Holding Co., Ltd.	-	”	16,290,990	144,175	0.10	144,175	
	Yuanta Financial Holding Co., Ltd.	-	”	4,889,441	134,949	0.04	134,949	
	Mega Financial Holding Company Ltd.	-	”	1,869,859	73,299	0.01	73,299	
	Fubon Financial Holding Co., Ltd.	-	”	4,086,901	264,831	0.03	264,831	
	Qualipoly Chemical Corporation	-	”	987,500	37,031	0.99	37,031	
	SinoPac Financial Holdings Company Limited	-	”	5,296,478	104,341	0.04	104,341	
	Taiwan Cement Corporation	-	”	230,988	8,050	-	8,050	
	Shin Kong Financial Holding Co., Ltd. - preferred stocks B	-	”	300,205	8,601	0.14	8,601	
	Taiwan Semiconductor Manufacturing Company Limited	-	”	100,000	59,300	-	59,300	
	Tai-I Electric Wire & Cable Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,298,000	143	0.57	143	Note 4
	Powerchip Technology Corporation	-	”	961,955	16,747	0.07	16,747	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
Yuan Hsin Investment Corporation	Excel Chemical Corporation	-	Financial assets at fair value through other comprehensive income or loss - non-current	1,327,229	\$ 24,739	0.38	\$ 24,739	Note 5
	Stock							
	Taiwan Business Bank, Ltd.	-	Financial assets at fair value through profit or loss - current	498,007	6,822	0.01	6,822	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	26,507,602	592,445	0.19	592,445	Note 6
	Taishin Financial Holding Co., Ltd.	-	"	5,413,516	97,984	0.04	97,984	
	First Financial Holding Co., Ltd.	-	"	1,252,371	34,315	0.01	34,315	
	Shin Kong Financial Holding Co., Ltd.	-	"	768,568	6,802	-	6,802	
	CTBC Financial Holding Co., Ltd.	-	"	468,176	13,273	-	13,273	
	Taiwan Cooperative Financial Holding Co., Ltd.	-	"	3,710,596	99,073	0.03	99,073	
	Excel Chemical Corporation	-	Financial assets at fair value through other comprehensive income or loss - non-current	602,502	11,231	0.17	11,231	
	Evertch Transportation Limited	-	"	450,000	-	18.00	-	
	Life-Shield Products, Inc.	-	"	500,000	-	2.45	-	

Note 1: The closing price of listed securities on the balance sheet date, the unlisted securities (including private placement stocks) are estimated based on the most recent net financial statements of the investee company and using the market approach.

Note 2: The pledged 15,750,000 shares of its stock to borrow money for short-term loans from banks.

Note 3: For information on investments in subsidiaries, refer to Table 3 and Table 4.

Note 4: It is the private placement stocks.

Note 5: The pledged 6,100,000 shares of its stock to borrow money for short-term loans from banks.

Note 6: The pledged 600,000 shares of its stock to borrow money for short-term loans from banks.

(Concluded)

TABLE 3

YUAN JEN ENTERPRISES CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEs ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies, Except for Number of Shares)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		December 31, 2023			Net Income (Loss) of the Investee (Note 1)	Share of Profit (Loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Yuan Jen Enterprises Co., Ltd. (the “Company”)	Yuan Hsin Investment Corporation	Taipei	Investment	\$ 180,000	\$ 180,000	18,000,000	100	\$ 844,544	\$ 19,843	\$ 19,843	Subsidiary
	Yuanjen Holdings Limited	British Virgin Islands	Holding	389,859 (US\$ 12,500)	389,859 (US\$ 12,500)	12,500,000	100	525,787	3,470	3,470	Subsidiary
	Yuanjen International Limited	British Virgin Islands	Trading of chemical raw materials, chemicals, etc.	9,246 (US\$ 300)	9,246 (US\$ 300)	300,000	100	2,691	5	5	Subsidiary
Yuanjen Holdings Limited	Entrust Chemical Company Limited	Hong Kong	Holding and international trade	372,442 (US\$ 12,000)	372,442 (US\$ 12,000)	12,000,000	100	525,354 (US\$ 17,110)	3,575 (US\$ 115)	3,575 (US\$ 115)	Sub-subsubsidiary
Entrust Chemical Company Limited	Yuanjen Chemical (VN) Company Limited	Vietnam	General wholesale	15,020 (US\$ 500)	15,020 (US\$ 500)	-	100	14,754 (US\$ 481)	260 (US\$ 8)	260 (US\$ 8)	Sub-subsubsidiary

Note 1: The (loss) income of the investee company for the period and the (loss) income recognized for the period were audited by the accountants.

Note 2: For information on investments in mainland China refer to Table 4.

TABLE 4

YUAN JEN ENTERPRISES CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1.b)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2.b.2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Yuan Jen Chemical Trade (Shanghai) Co., Ltd.	Wholesale of chemical raw materials and other products, commission agency; Import and export of the above products and related technologies and provide related supporting services	\$ 310,812 (US\$ 10,000)	Yuanjen Holdings Limited invested in Entrust Chemical Company Limited through the third region investment establishment company and reinvested in mainland China companies	\$ 310,812 (US\$ 10,000)	\$ -	\$ -	\$ 310,812 (US\$ 10,000)	\$ (808)	100	\$ (808)	\$ 385,730	\$ -	
Yuan Jen Chemical Trade (Guangzhou) Co., Ltd.	Resin coatings, inks and other industrial chemicals, plastic raw materials, rubber wholesale, etc.	29,698 (US\$ 1,000)	"	29,698 (US\$ 1,000)	-	-	29,698 (US\$ 1,000)	3,684	100	3,684	86,726	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$340,510 (US\$11,000)	\$340,510 (US\$11,000)	\$2,751,579

- Note 1: The three methods of investing in mainland China are as follows:
- a. Direct investment in mainland China.
 - b. Investment in mainland China through an existing company established in a third region (Yuanjen Holdings Limited invest Entrust Chemical Company Limited).
 - c. Other methods.
- Note 2: In the column of investment profit (loss) recognized for the period:
- a. If the company is in preparation status without investment profit (loss), it shall be remarked.
 - b. The basis for recognizing investment gain (loss) is as follows:
 - 1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
 - 2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
 - 3) Others.

(Continued)

Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a. The amounts and percentages of imports and the related accounts payable at the end of the period and b the amounts and percentages of sales and the related accounts receivable at the end of the period.

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Loss) Gain	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Yuan Jen Chemical Trade (Shanghai) Co., Ltd.	Sales	\$ (586) (US\$ 18)	0.08	The transaction price is according to the market price	Payment will be received 60 days after delivery	Payment will be received 30-180 days after delivery	\$ 284 (US\$ 9)	0.85	\$ -	

- b. The amount of property transactions and the amount of the resultant gains or losses: None.
- c. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
- d. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
- e. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(Concluded)

TABLE 5**YUAN JEN ENTERPRISES CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yuan Ding Investment Corporation	61,516,557	33.83
Fountain Chemical Corp.	19,340,657	10.63
Hugo Investment Limited	17,990,408	9.89
EnTrust Investment Co., Ltd.	17,866,625	9.82
Yuan Xiang Investment Co., Ltd.	15,344,478	8.43
Ronghao Investment Co., Ltd.	13,259,614	7.29

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

YUAN JEN ENTERPRISES CO., LTD.

STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalent	1
Statement of financial assets at fair value through profit and loss - current	2
Statement of financial assets at fair value through other comprehensive income - current	3
Statement of financial assets at amortized cost - current	Note 9
Statement of notes receivable	4
Statement of accounts receivable	5
Statement of other receivables	Note 10
Statement of prepayments	6
Statement of inventories	7
Statement of other current assets	8
Statement of changes in financial assets at fair value through profit or loss - non-current	9
Statement of changes in financial assets at fair value through other comprehensive income - non-current	10
Statement of changes in investments accounted for using the equity method	11
Statement of changes in property, plant and equipment	Note 13
Statement of changes in accumulated depreciation of property, plant and equipment	Note 13
Statement of changes in right-of-use assets	12
Statement of changes in accumulated depreciation of right-of-use assets	13
Statement of changes in investment properties	Note 15
Statement of changes in accumulated depreciation of investment properties	Note 15
Statement of changes in intangible assets	Note 16
Statement of deferred income tax assets	Note 23
Statement of other non-current assets	14
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YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash	Cash on hand and petty cash	\$ 400
Cash in banks		
Demand deposits		1,275
Foreign currency demand deposits	US\$214 thousand @30.705	6,581
Checking accounts		67,388
Cash equivalents		
Time deposits	US\$12,473 thousand @30.705	<u>382,969</u>
		<u>\$ 458,613</u>

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - CURRENT
DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Financial Instruments	Description	Shares/Units	Amount	Total Amount (Note)	Interest Rates (%)	Book Value	Fair Values		Note
							Unit Price	Total Price	
Mutual funds									
Hua Nan Future Technology Fund of Funds		500,000		\$ -	-	\$ 5,000	\$10.13	\$ 5,065	
Shares									
Listed shares									
E. Sun Financial Holding Company Ltd.		375,059	\$10	3,751	-	8,632	25.80	9,677	
Taichung Commercial Bank Co., Ltd.		499,087	10	4,991	-	6,131	15.90	7,935	
Taiwan Business Bank, Ltd.		726,321	10	7,263	-	9,185	13.70	9,951	
China Development Financial Holdings Corporation		7,700,000	10	77,000	-	97,020	12.55	96,635	
Taishin Financial Holding Co., Ltd. - preferred stocks E		783,942	10	7,839	-	37,159	45.65	35,787	
Shin Kong Financial Holding Co., Ltd. - preferred stocks A		100,843	10	1,008	-	3,620	28.65	2,889	
				101,852		161,747		162,874	
				101,852		166,747		167,939	
Valuation adjustments				-		1,192		-	
				\$ 101,852		\$ 167,939		\$ 167,939	

Note: The number of shares × Par value.

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Description	Shares/Units	Par Value	Total Amount (Note)	Interest Rates (%)	Acquisition Cost	Fair Values		Note
							Unit Price	Total Price	
Shares									
Domestic listed shares									
Hua Nan Financial Holdings Co., Ltd.		32,506,128	\$10	\$ 325,061	-	\$ 317,182	\$22.35	\$ 726,512	
Taishin Financial Holding Co., Ltd.		24,843,169	10	248,432	-	207,378	18.10	449,661	
CTBC Financial Holding Co., Ltd.		13,992,182	10	139,922	-	240,194	28.35	396,678	
Taiwan Cooperative Financial Holding Co., Ltd.		3,197,170	10	31,972	-	35,581	26.70	85,365	
First Financial Holding Co., Ltd.		10,948,949	10	109,489	-	142,658	27.40	300,001	
Chang Hwa Commercial Bank, Ltd.		4,040,270	10	40,403	-	48,991	17.90	72,321	
Cathay Financial Holdings Co., Ltd.		3,837,317	10	38,373	-	165,853	45.75	175,557	
Shin Kong Financial Holding Co., Ltd.		16,290,990	10	162,910	-	157,974	8.85	144,175	
Yuanta Financial Holding Co., Ltd.		4,889,441	10	48,894	-	81,711	27.60	134,949	
Mega Financial Holding Company Ltd.		1,869,859	10	18,699	-	39,082	39.20	73,299	
Fubon Financial Holding Co., Ltd.		4,086,901	10	40,869	-	213,019	64.80	264,831	
Qualipoly Chemical Corporation		987,500	10	9,875	-	26,575	37.50	37,031	
SinoPac Financial Holdings Company Limited		5,296,478	10	52,965	-	63,138	19.70	104,341	
Taiwan Cement Corporation		230,988	10	2,310	-	7,527	34.85	8,050	
Shin Kong Financial Holding Co., Ltd. - preferred stocks B		300,205	10	3,002	-	13,509	28.65	8,601	
Taiwan Semiconductor Manufacturing Company Limited		100,000	10	1,000	-	53,767	593.00	59,300	
				1,274,176		1,814,139		3,040,672	
Financial assets at fair value through other comprehensive income or loss - valuation of unrealized gains or losses				-		1,226,533		-	
				\$ 1,274,176		\$ 3,040,672		\$ 3,040,672	

Note: The number of shares × Par value.

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Qualipoly Chemical Corporation	Purchase	\$ 30,921
Taiwan Arakawa Chemical Industries, Ltd.	"	19,463
Others (Note)	"	<u>102,075</u>
		152,459
Less: Allowance for impairment loss		<u>-</u>
		<u>\$ 152,459</u>

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

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Covestro Eternal Resins (Far East) Ltd.	Purchase	\$ 35,118
Shenzhen Zhongji Lubricant Co.	"	34,793
Others (Note)	"	<u>622,555</u>
		692,466
Less: Allowance for impairment loss		<u>5,715</u>
		<u>\$ 686,751</u>
Related party		
Fountain Chemical Corporation	Purchase	\$ 6,407
Yuan Jen Chemical Trade (Shanghai) Co., Ltd.	"	<u>284</u>
		<u>\$ 6,691</u>

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

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Prepayments	Vendor payment, etc.	\$ 54,773
Prepaid expenses	Bank charges, rent and insurance, etc.	<u>1,388</u>
		<u>\$ 56,161</u>

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	
		Cost	Net Realizable Value (Note)
Purchased goods	PTFE, engineering plastic granules	\$ 138,523	<u>\$ 147,509</u>
Less: Inventory write-downs		<u>(521)</u>	
		<u>\$ 138,002</u>	

Note: Net realizable value represents 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.

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Advances to employees	Advances to employees	\$ 1,752
Temporary payments		<u>3,157</u>
		<u>\$ 4,909</u>

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Description	Shares/Units	Par Value	Total Value (Note)	Interest Rates (%)	Book Value	Fair Value		Note
							Unit Price	Total Value	
Shares									
Privately placed unlisted shares									
Tai-I Electric Wire & Cable Co., Ltd.		1,298,000	\$10	\$ 12,980	-	\$ 169	\$ 0.11	\$ 143	
Unlisted shares									
Powerchip Investment Holding Corporation		961,955	10	9,620	-	19,960	17.41	16,747	
Valuation adjustments				-		(3,239)		-	
				<u>\$ 22,600</u>		<u>\$ 16,890</u>		<u>\$ 16,890</u>	

Note: The number of shares × Par value.

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Description	Shares/Units	Par Value	Total Value (Note)	Interest Rates (%)	Acquisition Cost	Fair Value		Note
							Unit Price	Total Value	
Shares									
Domestic unlisted shares									
Excel Chemical Corporation		1,327,229	\$10	\$ 13,272	-	\$ 35,042	\$ 18.64	\$ 24,739	
Unrealized valuation gains and loss on financial assets at fair value through other comprehensive income				-		(10,303)		-	
				<u>\$ 13,272</u>		<u>\$ 24,739</u>		<u>\$ 24,739</u>	

Note: The number of shares × Par value.

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Investee	Balance, January 1, 2023		Increase in Investment		Decrease in Investment		Profit or Loss from Investments (Note)	Equity-method Investees Cash Dividends	Changes in Exchange Differences Arising on Translation of Foreign Operations	Changes in Financial Assets at Fair Value Through Other Comprehensive Income Unrealized Valuation Gains and Losses	Realized (Unrealized) Gross Profit Adjustment	Balance, December 31, 2023			Market Value or Net Value of Equity		Guarantee or Collateral Provided
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						Number of Shares	Interest Rate %	Amount	Unit Price	Total Price	
Yuan Hsin Investment Corporation	18,000,000	\$ 816,074	-	\$ -	-	\$ -	\$ 19,843	\$ (25,357)	\$ -	\$ 33,984	\$ -	18,000,000	100	\$ 844,544	\$46.92	\$ 844,544	N/A
Yuanjen Holdings Limited	12,500,000	530,786	-	-	-	-	3,470	-	(8,469)	-	-	12,500,000	100	525,787	42.06	525,787	N/A
Yuanjen International Limited	300,000	2,687	-	-	-	-	5	-	(1)	-	-	300,000	100	2,691	8.79	2,691	N/A
		\$ 1,349,547		\$ -		\$ -	\$ 23,318	\$ (25,357)	\$ (8,470)	\$ 33,984	\$ -			\$ 1,373,022		\$ 1,373,022	

Note: Based on financial statements audited by accountant.

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Name	Balance at January 1	Increase During the Year	Decrease During the Year	Balance at December 31	Note
Buildings	<u>\$ 4,443</u>	<u>\$ 1,257</u>	<u>\$ -</u>	<u>\$ 5,700</u>	

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Name	Balance at January 1	Increase During the Year	Decrease During the Year	Balance at December 31	Note
Buildings	<u>\$ 555</u>	<u>\$ 1,687</u>	<u>\$ -</u>	<u>\$ 2,242</u>	

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF OTHER NON-CURRENT ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Refundable deposits	Purchase deposits	\$ 14,800
	Fleet card deposits	812
	Security deposit for phone calls and leases	<u>320</u>
		<u>\$ 15,932</u>
Overdue receivables		\$ 15,627
Less: Allowance for impairment loss		<u>(15,627)</u>
		<u>\$ -</u>

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Total Borrowing Type	Instructions	Balance for the Year End	Contract Period	Range of Interest Rates %	Loan Commitments	Collateral or Guarantee
Secured loans						
Bank loans	Bank of Taiwan Jinshan Branch	\$ 50,000	1 year	1.88	\$300,000	Fixed deposit slips
"	Taiwan Cooperative Bank Chengdong Branch	200,000	"	1.75	Shared with credit for material purchase	Fixed deposit slips
"	Taiwan Shin Kong Commercial Bank Nandong Branch	<u>116,000</u>	"	1.90-1.95	500,000	Fixed deposit slips and financial assets at FVTOCI - current
		<u>366,000</u>				
Credit for material purchase	Taiwan Cooperative Bank Chengdong Branch	160,687	"	0-1.75	780,000	Fixed deposit slips and notes receivable
"	FCB Chengdong Branch	<u>6,689</u>	"	-	500,000	Fixed deposit slips
		<u>167,376</u>				
Unsecured loans						
Credit borrowings	Mega International Commercial Bank External to the General Administration Office	391,000	"	1.75	Shared with credit for material purchase	None
"	Taishin International Bank Jianbei Branch	507,000	"	1.80-1.84	Shared with credit for material purchase	None
"	Yuanta Commercial Bank Minsheng Branch	200,000	"	1.69	200,000	None
"	Chinatrust Commercial Bank Dunbei Branch	29,000	"	1.88	180,000	None
"	Bank SinoPac Company Limited Business Division	<u>93,500</u>	"	1.85	200,000	None
		<u>1,220,500</u>				
Credit for material purchase	Cathay United Bank Guanghua Branch	29,000	"	1.9	500,000	None
"	Taishin International Bank Jianbei Branch	15,462	"	1.82	700,000	None
"	Mega International Commercial Bank External to the General Administration Office	23,628	"	1.75	500,000	None
"	Bank SinoPac Company Limited Business Division	<u>11,114</u>	"	1.85	200,000	None
		<u>79,204</u>				
		<u>\$ 1,833,080</u>				

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Formosa Plastics Corporation	Purchase	\$ 15,531
Nan Ya Plastics Corporation	"	8,299
Shing Ho Chemical Corporation	"	1,523
Others (Note)	"	<u>48</u>
		<u>\$ 25,401</u>

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

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Non-related party		
Formosa Petrochemical Corporation	Purchase	\$ 105,176
Formosa Plastics Corporation	"	56,973
THE CHEMOURS CHEMICAL (SHANGHAI) CO., LTD	"	28,827
Tasco Chemical Corporation	"	26,954
Nan Ya Plastics Corporation	"	24,822
Formosa Chemicals and Fibre Corporation	"	22,107
Others (Note)	"	<u>176,712</u>
		<u>\$ 441,571</u>
Related party		
Fountain Chemical Corporation	"	<u>\$ 14,380</u>

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

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF CONTRACT LIABILITIES - CURRENT****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
HONG PHAT NEW MATERIALS CO., LTD	Purchase	\$ 1,552
NISHIDA GIKEN CO., LTD	"	641
CHENPIN INDUSTRIAL CO., LTD	"	588
TAI YUEH Co., Ltd.	"	255
Others (Note)	"	<u>654</u>
		<u>\$ 3,690</u>

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

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item Category	Item	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Offices and warehouses	1-4 year	1.4-2.0	\$ 3,493	
Less: Classified as current				<u>(1,744)</u>	
				<u>\$ 1,749</u>	

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF DEPOSIT GUARANTEE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Deposit guarantee	Lease deposit	<u>\$ 1,202</u>

YUAN JEN ENTERPRISES CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other current liabilities	Temporary credits	<u>\$ 980</u>

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Sales revenue	Base oil and acrylic acid	\$ 6,086,365
Less: Sales returns		(829)
Sales allowances		<u>(9,387)</u>
		6,076,149
Rental revenue		<u>8,535</u>
		<u>\$ 6,084,684</u>

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold	
Goods, beginning of the year	\$ 95,984
Add: Net purchases for the year	5,791,834
Inventory surplus	1,017
Less: Sample fee, etc.	(94)
Loss on physical inventory	(979)
Goods, end of the year	<u>(138,523)</u>
Cost of sales	5,749,239
Inventory surplus	(1,017)
Loss on physical inventory	979
Other	<u>333</u>
Cost of goods sold	<u>5,749,534</u>
Lease costs	
Depreciation expense	457
Tax donation	<u>434</u>
	<u>891</u>
Operating costs	<u>\$ 5,750,425</u>

YUAN JEN ENTERPRISES CO., LTD.**STATEMENT OF MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll expenses		\$ 38,393
Import and export expenses		33,996
Shipping expense		25,862
Other expenses (Note)		<u>20,928</u>
		<u>\$ 119,179</u>

Note: The amount of each item under in others does not exceed 5% of the total account balance.

YUAN JEN ENTERPRISES CO., LTD.

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll expenses		\$ 33,752
Depreciation		10,231
Professional service expenses		5,839
Other expenses (Note)		<u>28,019</u>
		<u>\$ 77,841</u>

Note: The amount of each item under in others does not exceed 5% of the total account balance.

YUAN JEN ENTERPRISES CO., LTD.

**STATEMENT OF EMPLOYEES' BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

Gender \ Function	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Salary expenses	\$ -	\$ 70,267	\$ 70,267	\$ -	\$ 71,301	\$ 71,301
Labor and health insurance premiums	-	7,004	7,004	-	6,965	6,965
Pension expenses	-	5,820	5,820	-	5,390	5,390
Directors' remuneration	-	1,878	1,878	-	2,341	2,341
Other employee benefit expenses	-	5,333	5,333	-	6,030	6,030
Total employee benefit expenses	\$ -	\$ 90,302	\$ 90,302	\$ -	\$ 92,027	\$ 92,027
Depreciation expense	\$ 457	\$ 11,918	\$ 12,375	\$ 457	\$ 12,343	\$ 12,800
Amortization expense	\$ -	\$ 1,455	\$ 1,455	\$ -	\$ 1,568	\$ 1,568

Note 1: As of December 31, 2023 and 2022, the Company had 97 and 104 employees, respectively. There were 4 and 5 non-employee directors, respectively.

Note 2: a) Average employee benefit expenses for the year ended December 31, 2023 was \$951 thousand. ("Total employee benefit expenses of the current year-Total director's remuneration"/"Number of employees of the current year-Number of directors who are not part-time employees")

Average employee benefit expenses for the year ended December 31, 2022 was \$906 thousand. ("Total employee benefit expenses of the current year-Total director's remuneration"/"Number of employees of the current year-Number of directors who are not part-time employees")

b) Average salary and bonus for the year ended December 31, 2023 was \$756 thousand. (Total salary expenses of the current year/"Number of employees of the current year-Number of directors who are not part-time employees")

Average salary and bonus for the year ended December 31, 2022 was \$720 thousand. (Total salary expenses of the current year/"Number of employees of the current year-Number of directors who are not part-time employees")

Note 3: The average salary and bonus decreased by 5.00% year over year. ("Average employee salary expense of the current year-Average employee salary expense of the previous year"/Average employee salary expense of the prior year)

Note 4: The audit committee has replaced the supervisors, so there is no supervisors' remuneration.

Note 5: The Company's compensation policies

Principles of the formulation of the Company's compensation policies

- a) Employees' compensation: Employees' compensation mainly includes basic salary (including base salary and meal allowance), performance bonus, annual salary adjustments based on personal performance and annual bonuses, etc. Salaries are determined based on the market rate, job category, academic experience, professional knowledge and skills and years of professional experience; offered salaries are better than the average market salary in the same industry.
- b) Remuneration of managers is determined based on the Company's profitability and business strategy as well as the performance and contribution of the managers with reference to the market rate. The remuneration of managers is reviewed by the remuneration committee and submitted to the board of directors for approval.
- c) Annual employees' bonuses: Bonuses are issued based on the Company's operating performance and the individual performance of the employees.
- d) Annual salary adjustments: The Company conducts salary adjustments once a year to propel the employees' long-term development, taking into consideration the overall economic environment, operating profit, employee performance appraisal results, with reference to the average market salary and overall salary adjustment plans of other companies in the same industry.
- e) Remuneration policy for directors
 - i. The Company's independent directors receive a fixed monthly fee and transport allowances based on actual attendance at board meetings. No variable compensation is paid.
 - ii. By the Company's Articles of Incorporation, the Company may remunerate its directors for the performance of their duties, regardless of the Company's operating profit or loss, and the board of directors is authorized to determine their remuneration based on their participation in and the value of their contribution to the Company's operations; offered remuneration are better than the average market salary in the same industry. The directors are paid transport allowances based on actual attendance at board meetings, If the Company has a surplus, the remuneration of the directors shall be distributed in accordance with the Articles of Incorporation.

The correlation between operating performance and employee compensation

If the Company has a profit before tax in the current year, the Company shall set aside 1% to 1.5% of the Company's annual profit before tax for employee compensation, which shall be distributed in shares or cash by resolution of the board of directors. The Company may set aside no more than 2% of the above-mentioned profit as remuneration to directors by resolution of the board of directors. The remuneration to employees and remuneration to directors shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, the Company should make up the losses first, and the remaining balance should be allocated to employees' remuneration and directors' remuneration in accordance with the aforementioned ratio.