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Qualipoly Chemical Corp.

Annual Report 2023

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Taiwan Stock Exchange Market Observation Post System: http://newmops.tse.com.tw
Qualipoly Chemical Corp.：http://www.qualipoly.com.tw

1. Spokesperson’s name, title and contact information:
   Spokesperson:Ho Yin Tang
   Title: Financial Senior Manager
   Acting spokesperson: Tasi Chih Hsiang
   Title: Deputy General Manager
   TEL:（０７）６２３－６１９９
   E-mail：facc@qualipoly.com.tw
2. Headquarter, Branches and Plant：
   Headquarter：Qualipoly Chemical Corp.
   TEL：（０７）６２３－６１９９
   Yongan Plant：No.2, Yeog Gong 5th Rd., Yeong An Dist., Kaohsiung City 828, Taiwan
   TEL：（０７）６２３－６１９９
   Branch：N/A
3. Stock Transfer Agent：
   Company Name：Hua Nan Securities
   Address：4F, No.54, Sec.4, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan
   Website：http://www.entrust.com.tw
   TEL：(０２)２７１-８６４２５
4. Auditor：
   Company Name：PwC Taiwan
   Name of CPAs：Tien Chung Yu, Yeh Fang Ting
   Address：12F, No.395, Sec.1, Linsen Rd., East Dist., Tainan 701, Taiwan
   Website：http://www.pwc.tw
   TEL：(０６)２３４－３１１１
5. The names of the trading venues for the listing and trading of overseas securities and the methods to inquire about the information of these overseas securities：N/A。
6. Corporate Website：http://www.qualipoly.com.tw

Contents

1. Letter to Shareholders

Dear Shareholders,

After more than three years there is finally some good news regarding the COVID-19. At the beginning of 2023, domestic epidemic began to decline, reaching a low point. Consequently, the government initiated a de-escalation of pandemic prevention starting from May 1st. On the same day, the CECC was disbanded, marking the end of comprehensive pandemic policies. COVID-19 has wreaked havoc globally over the past three years, severely impacting the economy. Also the outbreak of the Russo-Ukrainian War in February 2022 has further compounded the world's challenges.

In early 2022, the company's UV products exhibited remarkable performance in certain products and regions amidst the chaos. However, the aggressive interest rate hikes in the United States triggered inflation, severely impact economic momentum. Therefore, regardless of location or industry, everyone is in deep water to struggles to reduce inventory. The company was no exception either.

Amidst a downturn, as we enter year 2023, it’s time for a recovery. Particularly with China reopening, expectations were high, hoping for an explosion in demand. However, it turned out to be disappointing. Sales have been declining, and prices continue to fall; it seems like there's an endless inventory to digest! For over a year, there has been hope for a turnaround, looking forward to each quarter, only to be greatly disappointed. We hoped for a ceasefire in the Russo-Ukrainian War, yet instead witnessed a resurgence of conflict between Israel and Palestine, adding further turmoil.

Till the fourth quarter the company finally achieved its quarterly growth target. This was mainly due to the primary market for UV curable material is in Europe and the United States, where there has been a slight improvement in overall economic performance. After inventory reduction in these regions reached a conclusion, demand showed a slight recovery.

In terms of traditional industrial resin, performance remains sluggish. Apart from Japan and Australia where performance is slightly better, major sales markets in Southeast Asia and China have poor economic performance. Overall consumer strength hasn't improvement, making local manufacturers more advantageous, leading to intensified price competition.

In 2023, the global economy experienced a year of depression, heavily influenced by high interest rates and severe worldwide inflation. Economic growth slowed down globally, while geopolitical tensions escalated, leading to frequent regional conflicts. Traditional and non-traditional risks such as energy, food, climate, and ecology continued to pose persistent threats.

In addition to monitoring the volatile economic environment, it is necessary to identify risks and opportunities from the changes, improve internal management, adopt flexible sales strategies, streamline inventory management, and strictly control credit. As for market development, our specific actions are as follows: 1. China’s factories are receiving technology transfers from domestic factories: (1) Promoting the application of UV curable resin to China’s market, (2) Marketing coating resins to ASEAN countries. 2. To enhance competitiveness, we need to focus on: (1) Developing carbon-reducing and environmentally friendly recycled resin series, (2) Developing UV special materials, 3D printing, (3) 5G/AI materials, electronic chemical resins, (4) Promoting the SMA market and increasing production capacity.

The new Annan plant's UV production capacity is expected to gradually come online in 2025, significantly increasing UV output. The R&D department must continuously develop high-value-added products, providing the sales team with opportunities to expand into new markets and adequately prepare to increase market share.

Here are the business highlights for 2023

<u>1.1 Operating Performance in 2023</u>

1) Achievements in the implementation of the business plan

The consolidated revenue in 2023 was NT$ 3,454,793,000, a decrease of 18.22% compared to 2022. The operating net profit was NT$ 165,901,000, the net profit pre-tax was NT$212,850,000, and net profit after tax was NT$ 167,026,000, with an earnings per share of NT$1.67.

2) Budget implementation

The consolidated sales volume budget in 2023 was 53,868 metric tons, and the actual consolidated sales volume was 42,135 metric tons, budget achieving rate was 78%.

3) Consolidated financial results

Unit: NT$ millions

	2023	2022	Percent Change (%)
Operating Revenue	3,454,793	4,224,680	(18.22)
Operating Costs	2,927,080	3,462,414	(15.46)
Operating Margin	527,713	762,266	(30.77)
Operating Expenses	361,812	433,475	(16.53)
Operating Net Profit	165,901	328,791	(49.54)
Non-Operating Income and Expenses	46,949	72,575	(35.31)
Net Profit Pre-Tax	212,850	401,366	(46.97)
Net Profit After Tax	167,026	315,043	(46.98)
Interest Coverage Ratio (times)	20.87	34.24	(39.05)
Return on Assets (%)	3.82	7.08	(46.05)
Return on Owner's Equity (%)	5.76	11.08	(48.01)
Ratio of Operating Income to Paid-up Capital (%)	16.59	32.88	(49.54)
Ratio of Pre-tax net Profit to Paid-up Capital (%)	21.28	40.13	(46.97)
Net Profit Ratio (%)	4.83	7.46	(35.25)
Earnings per Share (NT$)	1.67	3.15	(46.98)

4) Research and Development

Our R&D strategy not only continuously expand our existing product but also seek out forward-looking product development in other areas of resin application. Additionally, we aim to strategically position ourselves in the long-term technological developments of the industry. Among these, the focus of R&D is on reducing carbon materials related to net-zero carbon emissions and specialty resins for electronic industry applications:

A. In the existing product field, we focus on customer-oriented research and development of products that are highly functional, cost-effective, and easy to operate. This would be to enhance our customers' competitiveness and achieve mutual growth.

B. In existing product areas, in line with the evolving updates to chemical regulations in various countries and advanced values such as net-zero carbon emissions, we are focusing on developing low-toxicity products, low-VOC emission products, and low-carbon emission products that meet customer and industry demands.

C. We will collaborate with relevant industry partners to develop electronic application products and accelerate the product transformation time.

D. We will implement the manufacturing process improvement plan to improve production efficiency and reduce waste emissions to fulfill our corporate social responsibility.

E. To address social concerns such as net-zero carbon emissions, we have established a task force to collect relevant information and present reports. Issues such as biomass materials, green energy, and circular economy are identified as key focuses of our medium- to long-term technology development plans.

F. We will collaborate with renowned academic institutions to develop a new generation of specialty resins, with a focus on the industries of electronic materials and composite materials.

G. We will strengthen the talent, technology, resources, and management of quality assurance department and consolidate our handling of chemical regulations. This is to meet the increasing demand for high-value transformation and the increasingly stringent regulations of various countries.

1.2 Overview of Business Plan in 2024

1. Business objectives

1) We adhere to the fundamental principles of professionalism, integrity, and innovation, establish our values, and shape into enterprise culture. We also carry out the service attitude of quality first and customers foremost.

2) We will enhance our R&D capabilities and make good use of external R&D resources to increase our development capacity to produce cutting-edge and high-functioning products.

3) We will seek opportunities for "cross-industry cooperation and win-win market" to expand our market area, increase interdisciplinary capabilities, and accumulate transformational energy.

4) We will look for the partners in Southeast Asia or make the most of our factories in China to reap the

benefits of the ASEAN.

5)Accelerating the development of electronic chemical products and entering the semiconductor field.

2. Sales forecast and sales policy

The expected merged sales volume is approximately 50,840 metric tons, which is the most suitable estimate based on market conditions.

3. Production and Marketing Policies

(1) Production Policies

A. Implement lean management to improve productivity; eliminate waste and reduce production costs.

B. Strengthen the refinement of manufacturing process of the UV curable resin to improve productivity and enhance competitiveness.

C. Continuously reviewing waste reduction and increasing the percentage of in-house recycling and reuse.

D. Use information management system and adopt automatic control devices to achieve process stability, and utilize quality management to enhance the precision of quality.

E. Strengthen education and training, enhance human resource quality, promote a refined work culture; cultivate cross-functional staff and maximum the human resources.

F. Adhere to the spirit of ISO 9001 international quality certification, continuously improve and strive for excellence.

G. Implement the spirit of ISO 14001 and ISO 45001, actively push forward energy conservation policies, strictly abide by laws and regulations, reduce pollution, control risks, and build a safe, healthy, and friendly working places and production conditions.

(2) Sales Policies

A. Adhere to customer-oriented service, strengthen the connection and interaction with customers, maintain market sensitivity, innovate products that meet customer needs, and grow together with customers.

B. Replicate successful overseas sales cases and explore new foreign sales areas.

C. Face on the major trends of "environmental demands", "alternative energy", and "circular economy", we innovate "ESG products".

D. Strengthen the application of UV resin and explore new markets distinct from coating.

1.3 The Company’s future Development Strategy, and the Effect of the External Competition, the Legal Environment, and the Overall Business Environment

1. In the future, the trend of paint regulations is towards products with low solvents, high solid ingredients, benzene free and styrene monomer free. Even the customers are demanding to low-carbon, environmental friendly and using recycle materials. Therefore, we will actively develop such products to gain a market advantage.
2. The Company’s main product is UV curable resin, which meets the characteristics of energy-saving and environmental friendly concepts and has become mainstream. We need to take its advantages to continue developing more extensive applications and expanding continuously the company’s business share to create profits.
3. The ratio of export has reached 75%. If Taiwan accelerates the signing of free trade agreements with major export destinations, it will enhance the company's competitiveness. To compensate for delays in signing trade agreements, we are actively transferring technology. Leveraging the advantages of our China’s factories, we are marketing products in Southeast Asia through the "ASEAN+1" strategy.
4. Products exported to Europe (EU) must register REACH. The company’s main UV curable resins have already completed the registration, which will be a threshold relative to other competitors.
5. We have registered K-REACH in response to market demand which is advantageous for sales promotion in Korea.

Sincerely yours,

Chairman Tsai, Yeou-Liang

General Manager Wang, Hai-Cheng

II. Company Profile

1. Date of Incorporation: Nov. 25, 1978

2. Company History

1978 Qualipoly Chemical Corporation was established in Kaohsiung, Taiwan.

1983 Licensing agreement with AB Syntes, Sweden (later acquired by Neste, Finland) to manufacture Unsaturated Polyester Resins of low emission.

1985 Vessel Resins was approved and certificated by China Classification Society, CCS and by Korean Register of Shipping, KR.

1987 Vessel Resins was approved and certificated by Lloyd's Register, LR.
Licensing agreement with Ashland, USA to manufacture Unsaturated Polyester Resins.
Licensing agreement with SOAB, Sweden to manufacture Alkyd Resins and Amino Resins.

1988 Vessel Resins was approved and certificated by Det Norske Veritas, DNV.

1992 Licensing agreement with Ashland, USA to manufacture Foundry Resin

1993 Licensing agreement with Becker, Sweden to manufacture Polyester Resins for coating

1995 Acquiring ISO 9002 quality assurance by L.R.Q.A.

1999 Licensing agreement with Ashland, USA to manufacture Potty Resin for vehicle repair

2001 Established "International Qualipoly Co., Ltd." in Samoa.
Securities listed on GreTai Securities Market

2002 Vessel Resins was approved and certificated by Sweden DNV.
Invested “Jiangmen Jiangying Chemical Co., Ltd “in China.
Relocation to Yong An Industrial Park.

2003 Acquiring ISO 9001 quality assurance by L.R.Q.A.
Established “ChaoJian Investment Corporation Limited’’. In Samoa.

2004 Commercialized Moisture Curing Resins.
Jiangmen Jiangying Chemical Co., Ltd. started mass production,
The Unsaturated Polyester Resins of Iso-type and Vinyl ester-type were approved by Det Norske Veritas, DNV for vessels

2005 Commercialized Curable Materials.

2006 Acquire 52% of the equity of Jiangmen Jiangying Chemical Co., Ltd. and become a wholly-owned subsidiary with 100% ownership

2007 Signed a cooperation agreement for the development, production, and sales of UV curable products with Dutch IGM Group
The Unsaturated Polyester Resin QL7241 acquired

2009 Acquiring ISO 14001 and OHSAS 18001 certifies by L.R.Q.A.

2010 Start construction of a new plant for UV curable materials.
Registered the QualiCure as Trademark for UV Curable Materials

2011 The second plant for UV curable materials has been completed and was in mass production.

2012 Securities listed on Taiwan Stock Exchanges.

2013 UV Curable Materials were registered in EU under Regulation (EC) No 1907/2006 (REACH)

2014 Developed and marketed the UV curable materials for white solder mask and FPC

2015 Established overseas subsidiary Qualipoly Technology (Kun Shan) Corp. in Shanghai, China.

2016 Commercialized fine chemicals for application in energy industry.

2017 Established the R&D center to undertake sophisticated and innovative projects.

2018 Certificated ISO 9001, ISO 14001:2015 reversion by L.R.Q.A.
Established Qualipoly Technology (Kun Shan) Corp. in Shanghai, China.

Established Dongguan Chao you New Material Co., Ltd in Dongguan, China

2019 Set up Qualipoly bonded warehouse.

2020 Certificated ISO 45001:2018 reversion by L.R.Q.A

2021 Completed the purchase of industrial land in Tainan Technology Industrial Park and has used as Tainan plant site.

Successfully developed and completed mass production of the specialty chemical resin Styrene Maleic Anhydride.

2022 Groundbreaking of Anna Plant in Tainan Technology Industrial Park

Invested in Electroninks, a precision electronic materials company in the United States.

Established a net-zero carbon emissions team and released a net-zero carbon emissions declaration.

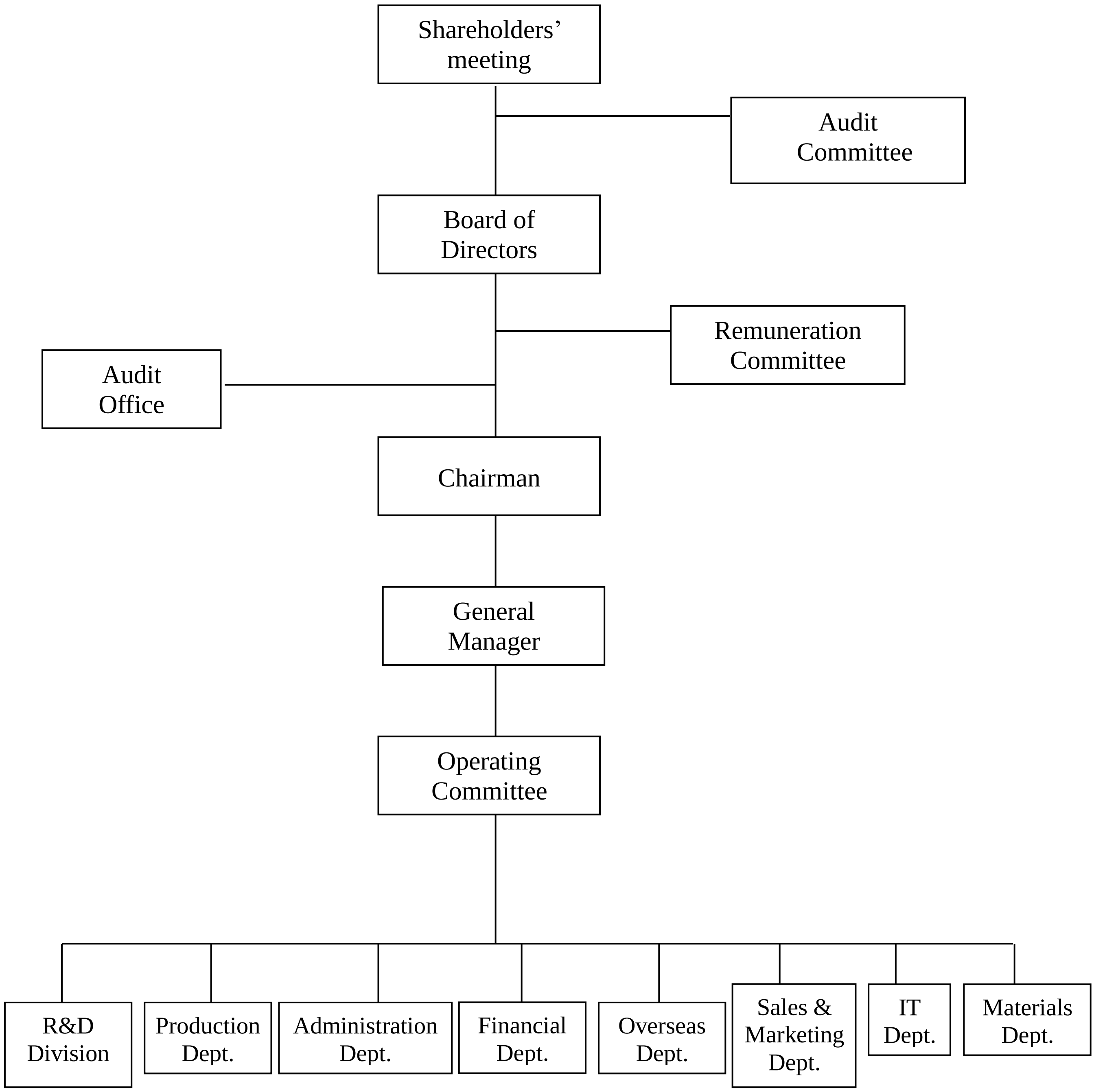
2023 Successfully mass-produced high-frequency substrate materials for 5G communication products.

Signed a long-term supply contract with IGM.

III. Corporate Governance Report

3.1 Organization

3.1.1. Organizational Chart



3.1.2. **Major Corporate Functions**

Department	Functions
Remuneration Committee	1. Manage and supervise the operation of various related matters in accordance with General Manager's instructions. 2. Planning and execution of short-term and long-term operational goals and project tasks. 3. Responsible for the operation of quality assurance and environmental health and safety systems. 4. Execution of human resource planning and payroll cycles.
Audit Office	Review and evaluate the internal control system, establish and revise internal audit systems, and regularly audit the operation of various management systems and report.
IT Dept.	Responsible for the planning and maintenance of computer software and hardware.
R&D Division	1. Responsible for the development and mass production of new products. 2. To establish inspection specifications for raw materials and finished products, and to determine whether they meet the criteria for quality assurance. 3. Establish process standards and assist production dept. in process improvement. 4. Apply for product certification.
Production Dept.	1. Planning and execution of product manufacturing, and design planning for production equipment and engineering. 2. Maintenance of factory safety and environmental protection. 3. Enhancement of productivity and design planning of equipment, as well as maintenance, repair and improvement of each machinery and equipment. 4. Analysis and handling of abnormal quality and customer complaints.
Overseas Dept.	1. Responsible for developing foreign markets and sales. 2. Signing, execution, and performance evaluation of foreign cooperation projects.
Sales & Marketing Dept.	1. Responsible for bidding, order review, account receivable collection, and assisting in special projects designated by the chairman 2. Responsible for domestic sales, developing domestic markets, and foreign business extended from domestic customers.
Administration Dept	1. Undertake the incoming and outgoing documents. 2. Keep each contract, certificate, membership information and document. 3. Manage external public relations affairs and general affairs that do not belong to other departments. 4. Manage vehicles and personnel entering and leaving the factory.
Material Dept.	1. Raw material receiving & dispatching, inventory control, and warehouse management. 2. Finished goods delivery, return and inventory management 3. Execution of stuffing and unstuffing all import and export containers. 4. Management of storage tanks inside and outside the factory.
Finance Dept.	Responsible for all accounting-related matters including bookkeeping, cost accounting, taxation, stock affairs, fund scheduling, and business management.

3.2 Directors, Supervisors, General Manager, Deputy General Manager, Senior manager, Departments and Branches Officer Information

3.2.1 Directors and Supervisors information (1)

Date: March.31, 2024 Unit: share, %

Job title	Nationality	Name	Gender Age	Date of appointment to position	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	Tsai Yeou Liang	Male (81~90 years old)	Jun. 08, 2023	3	Nov. 20, 1978	3,858,633	3.86%	3,858,633	3.86%	1,000,530	1.00%	0	0.00%	Dept. of Chemistry, National Taiwan Normal University Deputy General manager in Etemal General Manager in Chinafrp	Chairman of the company Chairman of ChaoJian Investment Corporation Limited	No	No	No	
Director	R.O.C.	Gao Hong Rong	Male (70~80 years old)	Jun. 08, 2023	3	Feb. 26, 1982	940,728	0.94%	940,728	0.94%	79,138	0.08%	0	0.00%	National University of Tainan Operating Manager in Etemal Operating Manger of the company	No	No	No	No	
Director	R.O.C.	Wang Hai Cheng	Male (70~80 years old)	Jun. 08, 2023	3	Feb. 26, 1982	1,347,820	1.35%	1,347,820	1.35%	0	0.00%	0	0.00%	Dept. of Mechanical Engineering in National Taipei Institute of Technology Deputy General Manager of the company Production Manager of Chinafrp	General manager of the company	No	No	No	
Director	R.O.C.	Chiu Nu Chu	Female (70~80 years old)	Jun. 08, 2023	3	Jul. 1, 1991	1,476,300	1.48%	1,476,300	1.48%	76,234	0.08%	0	0.00%	MBA of National Su Yat-Sen University Dept. of Accountancy in National Cheng Kung University Deputy General Manager & Spokesperson of the company Financial Manager of Chinafrp	No	No	No	No	
Director	R.O.C.	ChaoJian Investment Corporation Limited	Not applicable	Jun. 08, 2023	3	Jun. 10, 2020	9,829,757	9.83%	9,759,757	9.76%	Not applicable	Not applicable	0	0.00%	Not applicable	Not applicable	NA	NA	NA	
		Rep.: Tsai Chih Hsiang	Male (41~50 years old)				38,024	0.04%	106,024	0.11%	0	0.00%	0	0.00%	PhD in Chemical Engineering in Iowa State University, USA Chairman Assistant of the company	Director of ChaoJian Investment Corporation Limited	No	No	No	
Director	R.O.C.	Hong Ren Investment Corporation Limited.	Not applicable	Jun. 08, 2023	3	Jun. 10, 2020	972,718	0.97%	972,718	0.97%	Not applicable	Not applicable	0	0.00%	Not applicable	Not applicable	NA	NA	NA	
		Rep.: Hsu Po Wei	Male (70~80 years old)				0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master in Chemical Engineering at USC, USA Chairman of Hua Nan Securities	No	No	No	No	
Independent Director	R.O.C.	Chung Feng Yuan	Male (41~50 years old)	Jun. 08, 2023	3	Jun. 10, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master in Dept Marketing at National Chiayi University Manger in Dept. of direct invest at GAINS Investment Corp.	Investor of Welldone Company General Manager of Wtenergy	No	No	No	
Independent Director	R.O.C	Huang Jin Song	Male (60~70 years old)	Jun. 08, 2023	3	Jun. 08, 2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master in Dept. of Finance, National SunYat-sen University Director of Pintung Branch, National Taxation Bureau of the Southern Area, Ministry of Finance	No	No	No	No	
Independent Director	R.O.C	He Hong En	Male (41~50 years old)	Jun. 08, 2023	3	Jun. 08, 2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Dept. of Chemistry in Iowa State University, USA Dept. of Chemistry, National Taiwan University	Deputy General Manager /Supervisro of Catal Material Industrial Co., Ltd.	No	No	No	
Independent Director	R.O.C.	Weng Cheng Cheng	Male (81~90 years old)	Jun. 10, 2020	3	May. 29, 2019	0	0.00%	0	0.00%	8,564	0.01%	0	0.00%	Administrative Junior College at National Chengchi University Grade B Special Examination for Accountant in 1973 Audit officer and director of Audit Dept. Transportation Construction and Kaohsiung Audit office in National Audit Office	No	No	No	No	

<table>
<tr><th rowspan="2">Job title</th><th rowspan="2">Nationality</th><th rowspan="2">Name</th><th rowspan="2">Gender
Age</th><th rowspan="2">Date of appointment to position</th><th rowspan="2">Term of office</th><th rowspan="2">Commencement date of first term</th><th colspan="2">No. of shares held at time of election</th><th colspan="2">No. of shares currently held</th><th colspan="2">Shares held by spouse and minor children</th><th colspan="2">Shares held through nominees</th><th rowspan="2">Principal work experience and academic qualifications</th><th rowspan="2">Positions concurrently held in other companies at present</th><th colspan="3">Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree</th><th rowspan="2">Remarks</th></tr>
<tr><th>No. of shares</th><th>Shareholding ratio</th><th>No. of shares</th><th>Shareholding ratio</th><th>No. of shares</th><th>Shareholding ratio</th><th>No. of shares</th><th>Shareholding ratio</th><th>Job title</th><th>Name</th><th>Relationship</th></tr>
<tr><td>Independent Director</td><td>R.O.C.</td><td>Chen Chi Lin</td><td>Male
(41~50 years old)</td><td>Jun. 10, 2020</td><td>3</td><td>Jun. 10, 2020</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>PhD in Chemistry at National Taiwan University
Deputy Manager of R&D of Magic Amah</td><td>General manager of Anjietek</td><td>No</td><td>No</td><td>No</td><td></td></tr>
</table>

Note: The board of directors underwent a comprehensive election on June 08, 2023, with members stepping down upon the completion of their term. Their shareholding information is disclosed up until the month of resignation

3.2.1.1 Major shareholders of the corporate shareholders

Mar.31, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder
ChaoJian Investment Corporation Limited. Rep. Tsai Chih Hsiang	Tsai Yeou Liang (19.7%)、 Wang Hai Cheng (12.5%)、Chiu Nu Chu (12.5%)、Tsai Kun Ta (10%)、Tsai I Chen (10%)、Tang Yu Sung (9.2%)、Chu Ching Yu (8.3%)、Tsai Chih Hsiang (7%)、Tsai Hsing Yun (6.7%)、Tsai Hsiao Hao (4.1%)
Hong Ren Investment Corporation Limited. Rep. Hsu Po Wei	Mao Tong Investment Corporation Limited (100%)

3.2.1.2 Major shareholders of the Company’s major corporate shareholders

Mar.31, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder
Mao Tong Investment Corporation Limited	Hsu Yuan Chen (98%) Hsu Chen An Lan (2%)

3.2.1 Information of Directors and Supervisors (2)

Information on the Directors and Supervisors Independence

Qualification / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Tsai Yeou Liang	More than 5-year work experience. Previously served as deputy general manager in Etemal and General Manager in Chinafrp. Currently serving as chairman in the company. No circumstances as defined in Article 30 of the Company Act.	(1) Not related as spouse or within second-degree of kinship with any other directors. (2) Not elected as a representative of government, legal entity, or its representative as defined in Article 27 of the Company Act.	No
Gao Hong Rong	More than 5-year work experience. Previously served as operating manager in Etemal. Currently serving as operating manager in the company. No circumstances as defined in Article 30 of the Company Act.	(1) Not an employee of this company or any of its affiliated enterprises. (2) Not related as spouse or within second-degree of kinship with any other directors. (3) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, one of the top five shareholders, or a representative appointed as a director or supervisor under Article 27, Paragraph 1 or 2 of the Company Act. (4) Not a director, supervisor, or employee of another company whose director, supervisor, or employee controls over half of the voting rights or board seats of this company. (5) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as the chairman, general manager, or equivalent position of this company, or is the spouse of such person. (6) Not a director, supervisor, or manager of a specific company or institution that has financial or business dealings with this company, or a shareholder holding more than 5% of the shares of such company or institution. (7) Not a professional, sole proprietorship, partnership, company or organization that provides business, legal, financial, accounting or other related services, or the owner, partner, director, supervisor, manager and their spouse, who has provided auditing or received remuneration from the company or its affiliated enterprises for such services within the past two years.	No

Qualification / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Wang Hai Cheng	More than 5-year work experience. Previously served as deputy General Manager in the company and production manager in Chinafrp. Currently serving as General Manager in the company. No circumstances as defined in Article 30 of the Company Act.	(1) Not related as spouse or within second-degree of kinship with any other directors. (2) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, one of the top five shareholders, or a representative appointed as a director or supervisor under Article 27, Paragraph 1 or 2 of the Company Act. (3) Not a director, supervisor, or employee of another company whose director, supervisor, or employee controls over half of the voting rights or board seats of this company. (4) Not a director, supervisor, or manager of a specific company or institution that has financial or business dealings with this company, or a shareholder holding more than 5% of the shares of such company or institution. (5) Not a professional, sole proprietorship, partnership, company or organization that provides business, legal, financial, accounting or other related services, or the owner, partner, director, supervisor, manager and their spouse, who has provided auditing or received remuneration from the company or its affiliated enterprises for such services within the past two years.	No

Qualification / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chiu Nu Chu	More than 5-year work experience. Previously served as Financial Manager in Chinafrp and Financial Manager and Deputy general manager & spokesperson in the company. No circumstances as defined in Article 30 of the Company Act.	(1) Not an employee of this company or any of its affiliated enterprises. (2) Not related as spouse or within second-degree of kinship with any other directors. (3) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, one of the top five shareholders, or a representative appointed as a director or supervisor under Article 27, Paragraph 1 or 2 of the Company Act. (4) Not a director, supervisor, or employee of another company whose director, supervisor, or employee controls over half of the voting rights or board seats of this company. (5) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as the chairman, general manager, or equivalent position of this company, or is the spouse of such person. (6) Not a director, supervisor, or manager of a specific company or institution that has financial or business dealings with this company, or a shareholder holding more than 5% of the shares of such company or institution. (7) Not a professional, sole proprietorship, partnership, company or organization that provides business, legal, financial, accounting or other related services, or the owner, partner, director, supervisor, manager and their spouse, who has provided auditing or received remuneration from the company or its affiliated enterprises for such services within the past two years.	No
ChaoJian Investment Corporation Limited. Rep.: Tsai Chih Hsiang	More than 5-year work experience. Previously served as chairman assistant in the company. Currently served as Executive Deputy General Manager. No circumstances as defined in Article 30 of the Company Act.	(1) Not a director or supervisor of the Company or any of its affiliated enterprises. (2) Neither the individual nor their spouse, minor children, or natural person shareholders holding 1% or more of the total issued shares of the Company or among the top ten shareholders under another person's name. (3) Not related as spouse or within second-degree of kinship with any other directors (4) Not a director, supervisor, executive, or shareholder holding 5% or more of shares of any specific company or organization that has financial or business transactions with the Company. (5) Not a professional, sole proprietorship, partnership, company or organization that provides business, legal, financial, accounting or other related services, or the owner, partner, director, supervisor, manager and their spouse, who has provided auditing or received remuneration from the company or its affiliated enterprises for such services within the past two years.	No

Qualification / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Hong Ren Investment Corporation Limited. Rep.: Hsu Po Wei	More than 5-year work experience. Previously served as Chairman, General Manager and CEO in Hua Nan Securities. No circumstances as defined in Article 30 of the Company Act.	(1) Not an employee of the Company or its related companies. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Neither the person nor their spouse, minor children, or any natural person shareholder holding more than 1% of the total issued shares of the Company or within the top ten shareholders. (4) Excluding the executives listed above (1) and the spouses, first-degree relatives within the second degree of kinship or third-degree relatives within the direct line of consanguinity of the personnel listed above (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, one of the top five shareholders, or a representative appointed as a director or supervisor under Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of another company whose director, supervisor, or employee controls over half of the voting rights or board seats of this company. (7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as the chairman, general manager, or equivalent position of this company, or is the spouse of such person. (8) Not a director, supervisor, or manager of a specific company or institution that has financial or business dealings with this company, or a shareholder holding more than 5% of the shares of such company or institution. (9) Not a professional, sole proprietorship, partnership, company or organization that provides business, legal, financial, accounting or other related services, or the owner, partner, director, supervisor, manager and their spouse, who has provided auditing or received remuneration from the company or its affiliated enterprises for such services within the past two years.	No
Chung Feng Yuan (Note1)	More than 5-year work experience. Previously served as Manager at Dept. of direct investment in GAINS Investment Corp. Currently served as Investor in Welldone Company and General Manager / Director in Wtenergy. No circumstances as defined in Article 30 of the Company Act.	(1) Not an employee of the Company or its related companies. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Neither the person nor their spouse, minor children, or any natural person shareholder holding more than 1% of the total issued shares of the Company or within the top ten shareholders. (4) Excluding the executives listed above (1) and the spouses,	No

<table>
<tr><th>Qualification / Name</th><th>Professional qualifications and experience</th><th>Independence analysis</th><th>No. of other public companies at which the person concurrently serves as an independent director</th></tr>
<tr><td>Huang Jin Song
(Note1)</td><td>More than 5-year work experience.
Previously served as Former Director of National Taxation Bureau of the Southern Area, Ministry of Finance.
No circumstances as defined in Article 30 of the Company Act.</td><td rowspan="4">first-degree relatives within the second degree of kinship or third-degree relatives within the direct line of consanguinity of the personnel listed above (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, one of the top five shareholders, or a representative appointed as a director or supervisor under Article 27, Paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor, or employee of another company whose director, supervisor, or employee controls over half of the voting rights or board seats of this company.
(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as the chairman, general manager, or equivalent position of this company, or is the spouse of such person.
(8) Not a director, supervisor, or manager of a specific company or institution that has financial or business dealings with this company, or a shareholder holding more than 5% of the shares of such company or institution.
(9) Not a professional, sole proprietorship, partnership, company or organization that provides business, legal, financial, accounting or other related services, or the owner, partner, director, supervisor, manager and their spouse, who has provided auditing or received remuneration from the company or its affiliated enterprises for such services within the past two years.
(10) No government, legal person, or their representatives have been elected as specified in Article 27 of the Company Act.</td><td>No</td></tr>
<tr><td>He Hong En
(Note 1)</td><td>More than 5-year work experience.
Currently served as Vice General Manager/Supervisor of Catal Material Industrial Co., Ltd.
No circumstances as defined in Article 30 of the Company Act.</td><td>No</td></tr>
<tr><td>Weng Cheng Cheng
(Note 2)</td><td>More than 5-year work experience.
Previously served as Audit officer and director of Audit Dept. Transportation Construction and Kaohsiung Audit office in National Audit Office
No circumstances as defined in Article 30 of the Company Act.</td><td>No</td></tr>
<tr><td>Chen Chi Lin
(Note 2)</td><td>More than 5-year work experience.
Previously served as Deputy Manager of R&D in Magic Amah.
Currently served as General Manager in Anjietek.
No circumstances as defined in Article 30 of the Company Act.</td><td>No</td></tr>
</table>

Note 1: Chung Feng Yuan, Huang Jin Song& He Hong En are the members of the Independent Directors, Remuneration Committee, and Audit Committee of the company.

Note 2: On June 8th, 2023, the board of directors underwent a comprehensive election. Mr. Weng Cheeng Cheng and Mr. Chen Chi Lin completed their terms and stepped down from their positions。

3.2.2 **Board Diversity and Independence**

(1) Board Diversity：

The company has established a policy for board diversity as outlined in the "Corporate Governance Best Practice Principles", including but not limited to the following two aspects：

A. Basic criteria and values: gender, age, nationality, and culture, etc.

B. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and experience, etc.

The current board of directors consists of 9 members, and the specific goals and achievements of the board's diversity policy are as follows：

A. Goals and achievements：

Goals	Achievements
The board of directors must include at least one female member	Yes
Directors who also serve as managers of the company should not exceed 1/3 of the total number of directors	Yes
There should not be more than 2 directors who have a spousal relationship or a relative within the second degree of kinship among them.	Yes
Independent directors may not serve for more than 3 terms	Yes

B. The implementation of the diversity of the board of directors are as follows：

Diversity / Name of directors	Nationality	Gender	Composition								Professional qualifications and experience							
			Employee Status	Age				Terms of Independent Director			Operational Judgment	Financial Accounting	Business Management	Crisis Management	Industry Knowledge	International Outlook	Leadership decision-making	Legal Matters
				40 ~ 50 Years old	51 ~ 60 Years old	61 ~ 70 Years old	Above 70 Years old	Less than3 years	3~9 years	Less than9 years								
Tsai Yeou Liang	R.O.C.	Male					V				V		V	V	V	V	V	
Wang Hai Cheng	R.O.C.	Male	V				V				V		V	V	V	V	V	
Chiu Nu Chu	R.O.C.	Female					V				V	V	V	V	V	V	V	
Gao Hong Rong	R.O.C.	Male					V				V		V	V	V	V	V	
ChaoJian Investment Corporation Limited Rep.：Tasi Chih Hsiang	R.O.C.	Male	V	V							V		V	V	V	V	V	
Hong Ren Investment Corporation Limited Re p.：Hsu PoWei	R.O.C.	Male					V				V	V	V	V	V	V	V	
Chung Feng Yuan	R.O.C.	Male		V				V			V	V	V	V	V	V	V	
Huang Jin Song	R.O.C.	Male				V		V			V	V	V	V	V	V	V	
He Hong En	R.O.C.	Male		V				V			V		V	V	V	V	V	
Weng Cheng Cheng	R.O.C.	Male					V	V			V	V		V	V	V	V	
Chen Chi Lin	R.O.C.	Male		V				V			V		V	V	V	V	V	

Note : On June 8th, 2023, the board of directors underwent a comprehensive election. Mr. Weng Cheeng Cheng and Mr. Chen Chi Lin completed their terms and stepped down from their positions。

(2) Diversity of the board of directors:

The current board of directors consists of 9 members, including 1 female director and 3 independent directors. Two of the directors also hold executive positions. None of the directors have spouses or immediate relatives within the second degree of kinship, and none of the independent directors have served more than 9 consecutive years. All members of the board are native. The board composition is 33% independent directors (3 members), 22% employee directors (2 members), and 11% female directors. The age range of the board members is from 40 to 50 years old for 3 directors, from 60 to 70 years old for 1 director and 70 years old and above for 5 directors.

The professional backgrounds and skills of the directors cover areas such as financial accounting, chemical engineering, and business management, and they all possess leadership and decision-making abilities, as well as rich industry knowledge and experience. Information on the educational background, gender, and work experience of each director is available on page 8-9 of this annual report.

The independent directors of the current board of directors all comply with the regulations regarding independent directors set forth by the Financial Supervisory Commission's Securities and Futures Bureau, and there are no circumstances as stipulated in Article 26-3, paragraphs 3 and 4 of the Securities Trading Act between any of the directors or independent directors. The board of directors of the company is independent. Please refer to pages 11-15 of this annual report for information on the professional qualifications of the directors and the independence of the independent directors.

3.2.2.2General Manager, Deputy General Manager, Senior manager, Departments and Branches Officer Information

Date: March 31,2024

Job title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
General manager	R.O.C	Wang Hai Cheng	Male	Nov.01, 2006	1,347,820	1.35%	0	0.00%	0	0.00%	Dept. of Mechanical Engineering in National Taipei Institute of Technology Operating Manger & General Manager of the company	No	No	No	No	
Deputy general manager	R.O.C	Tsai Chih Hsiang	Male	Mar.10, 2020	106,024	0.11%	0	0.00%	0	0.00%	PhD in Chemical Engineering in Iowa State University, USA Chairman Assistant of the company	Director of ChaoJian Investment Corporation Limited.	No	No	No	
Deputy general manager	R.O.C	Kuo Hung Chi	Male	Nov.09, 2022	3,303	0.00%	0	0.00%	0	0.00%	Dept. of Chemical Engineering, Tamkang University Consultant of the company	No	No	No	No	
Deputy general manager of North District	R.O.C	Chen Tai Chang	Male	Jan.01,2020	314,578	0.31%	0	0.00%	0	0.00%	Dept. of Chemistry Engineering in Chinese Culture University. Senior Manager of north district	No	No	No	No	
Assistant and R&D manager (Note)	R.O.C	Hsieh Chun Chieh	Male	Jun.01, 2009	29,750	0.03%	0	0.00%	0	0.00%	Materials Science and Engineering in National Sun Yat-Sen University Senior Manager of R&D dept. of the company	No	No	No	No	
Research and development officer (Note)	R.O.C	Chen Fu Lin	Male	Feb.01, 2024	36,000	0.04%	0	0.00%	0	0.00%	PhD in Dept. of Chemistry, NCKU Senior Manager of R&D dept. of the company	No	No	No	No	
Factory manager of Yongan Plant	R.O.C	Huang Seng Wen	Male	Jan.18, 2007	282,142	0.28%	4,531	0.00%	0	0.00%	Dept. of Chemistry Engineering in National Cheng Kung University. Production associate of the company	No	No	No	No	
Manager of Middle District	R.O.C	Wu Kuo Chen	Male	Sep.01, 2016	92,550	0.09%	7,250	0.01%	0	0.00%	Dept. of Tourism in Providence University. Deputy Manager of Middle District.	No	No	No	No	
Manager of South District	R.O.C	Su Shen Lung	Male	Aug.01, 2008	17,680	0.02%	0	0.00%	0	0.00%	Master of Chemistry in National Sun Yat-Sen University Deputy Manager of South District	No	No	No	No	
Manager of overseas dept.	R.O.C	Chao Yao Hsin	Male	Dec.26, 2017	58,000	0.06%	0	0.00%	0	0.00%	Dept. of International Business, National Taiwan University Deputy Manager of Overseas Dept.	No	No	No	No	
Deputy manager of material dept.	R.O.C	Wang Tzu Yuan	Female	Jul.26, 2020	574,912	0.57%	0	0.00%	0	0.00%	MBA from University of Birmingham, UK Purchase Officer of the company.	No	General Manager	Wang Hai Chen	Father & daughter	
Deputy manager of Admi. Dept	R.O.C	Huang Shu Min	Female	Aug.01,2021	26,744	0.03%	1,436	0.00%	0	0.00%	St. Dominic Catholic High School Senior Specialist of the Economic Committee of the company.	No	No	No	No	
Financial Senior Manager (CFO / Corporate Governance Officer)	R.O.C	Ho Yin Tang	Male	Aug.01,2016	119,000	0.12%	0	0.00%	0	0.00%	Master of Dept. of Accounting in National Chengchi University Deputy Manager in Deloitte Financial associate & Spokesperson of the company	No	No	No	No	
Account manager of IT Dept.	R.O.C	Li Jiong Ming	Male	Aug.26,1995	34,000	0.03%	0	0.00%	0	0.00%	Master of Chemistry Engineering in National Cheng Kung University. Account Manager of IT Dept. of the company.	No	No	No	No	

Job title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Account manager of audit office	R.O.C	Tsai Hsing Yun	Female	Feb.16,2007	175,000	0.17%	0	0.00%	0	0.00%	Dept. of Tourism Management in Shih Chien University Account Manager of Audit Office of the company	No	No	No	No	

Note: On Feb.01, 2024, Chen Fu Lin took over as research and development officer due to position adjustment.

3.2.2.3 Chairman and the General Manager or equivalent positions (the highest executive) being the same person, spouses, or first-degree relatives should explain the reasons, rationality, necessity, and corresponding measures:
Not applicable.

3.3 Last Remuneration to Directors, Supervisors, General Manager, Deputy General Manager
3.3.1 Remuneration of the directors and independence directors

Date: Dec.31, 2023 Unit: NT$ thousand; %

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base remuneration (A)		Retirement pay and pension (B)		Director profit sharing remuneration (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		employee profit-sharing remuneration (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Director	Tsai Yeou Liang	2,249	2,249	0	0	1,686	1,686	60	60	3,995 2.39%	3,995 2.39%	0	0	0	0	0	0	0	0	3,995 2.39%	3,995 2.39%	No
Director	Wang Hai Cheng	0	0	0	0	1,125	1,125	60	60	1,185 0.71%	1,185 0.71%	3,467	3,467	0	0	10	10	0	0	4,662 2.79%	4,662 2.79%	No
Director	Gao Hong Rong	360	360	0	0	563	563	60	60	983 0.59%	983 0.59%	0	0	0	0	0	0	0	0	983 0.59%	983 0.59%	No
Director	Chiu Nu Chu	0	0	0	0	563	563	45	45	608 0.36%	608 0.36%	0	0	0	0	0	0	0	0	608 0.36%	608 0.36%	No
Director	ChaoJian Investment Corporation Limited. Rep.: Tsai Chih Hsiang	0	0	0	0	1,125	1,125	55	55	1,180 0.71%	1,180 0.71%	0	0	0	0	0	0	0	0	1,180 0.71%	1,180 0.71%	No
Director	Hong Ren Investment Corporation Limited. Rep.: Hsu Po Wei	0	0	0	0	563	563	30	30	593 0.36%	593 0.36%	0	0	0	0	0	0	0	0	593 0.36%	593 0.36%	No
Independent Director	Weng Cheng Chen	240	240	0	0	0	0	36	36	276 0.17%	276 0.17%	0	0	0	0	0	0	0	0	276 0.17%	276 0.17%	No
Independent Director	Chung Feng Yuan	540	540	0	0	0	0	48	48	588 0.35%	588 0.35%	0	0	0	0	0	0	0	0	588 0.35%	588 0.35%	No
Independent Director	Huang Jin Song	240	240	0	0	0	0	56	56	296 0.18%	296 0.18%	0	0	0	0	0	0	0	0	296 0.18%	296 0.18%	No
Independent Director	He Hong En	240	240	0	0	0	0	46	46	286 0.17%	286 0.17%	0	0	0	0	0	0	0	0	286 0.17%	286 0.17%	No
Independent Director	Chen Chi Lin	240	240	0	0	0	0	30	30	270 0.16%	270 0.16%	0	0	0	0	0	0	0	0	270 0.16%	270 0.16%	No

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): No

Note: The board of directors underwent a comprehensive election on June 8, 2023, during which Weng Cheng Chen and Chen Chi Lin completed their terms and resigned.

3.3.2 Remuneration of the General Manager & Deputy General Manager

Date: Dec.31, 2023 Unit：NT$ thousand；%

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing remuneration (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company		All Consolidated entities		The Company	All Consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General manager	Wang Hai Cheng	1,715	1,715	0	0	1,752	1,752	10	0	10	0	3,477 2.08%	3,477 2.08%	No
Deputy general manager	Tsai Chih Hsiang	1,498	1,498	87	87	1,737	1,737	10	0	10	0	3,332 1.99%	3,332 1.99%	No
Deputy general manager	Kuo Hung Chi	1,811	1,811	108	108	1,364	1,364	10	0	10	0	3,293 1.97%	3,293 1.97%	No
Deputy general manager of North Dist.	Chen Tai Chang	1,177	1,177	69	69	1,251	1,251	10	0	10	0	2,507 1.50%	2,507 1.50%	No

3.3.3 Compensation for the top five highest paid executives in the company

Date: Dec.31, 2023 Unit：NT$ thousand；%

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing remuneration (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company		All Consolidated entities		All Consolidated entities	All Consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General manager	Wang Hai Cheng	1,715	1,715	0	0	1,752	1,752	10	0	10	0	3,477 2.08%	3,477 2.08%	No
Deputy general manager	Tsai Chih Hsiang	1,498	1,498	87	87	1,737	1,737	10	0	10	0	3,332 1.99%	3,332 1.99%	No
Deputy general manager	Kuo Hung Chi	1,811	1,811	108	108	1,364	1,364	10	0	10	0	3,293 1.97%	3,293 1.97%	No
Factory manager of Yongan Plant	Huang Seng Wen	1,390	1,390	83	83	1,513	1,513	10	0	10	0	2,996 1.79%	2,996 1.79%	No
Deputy general manager of North Dist.	Chen Tai Chang	1,177	1,177	69	69	1,251	1,251	10	0	10	0	2,507 1.50%	2,507 1.50%	No

3.3.4 Remuneration of the Managers

2023unit: NT$ thousand

<table>
<tr><th></th><th>Job title</th><th>Name</th><th>Amount in stock</th><th>Amount in cash</th><th>Total</th><th>As a % of net profit</th></tr>
<tr><td rowspan="7">Manager</td><td>General manager</td><td>Wang Hai Cheng</td><td rowspan="7">0</td><td rowspan="7">70</td><td rowspan="7">70</td><td rowspan="7">0.042</td></tr>
<tr><td>Deputy general manager</td><td>Tsai Chih Hsiang</td></tr>
<tr><td>Deputy general manager</td><td>Kuo Hung Chi</td></tr>
<tr><td>Deputy general manager of North Dist.</td><td>Chen Tai Chang</td></tr>
<tr><td>Assistant and R&D manager</td><td>Hsieh Chun Chieh</td></tr>
<tr><td>Factory manager of Yongan Plant</td><td>Huang Seng Wen</td></tr>
<tr><td>Financial senior manager</td><td>Ho Yi Tang</td></tr>
</table>

3.3.5 The analysis of total amount of remuneration paid to directors,general managers, and deputy general managers by the Company and by all companies included in the consolidated financial statements in the past two fiscal years as a percentage of the after-tax net income of the individual or separate financial reports, and explain the policies, standards, and combinations of remuneration, as well as the procedures for setting remuneration and the correlation between operational performance and future risks:

1) The analysis of total amount of remuneration paid to directors,general managers, and deputy general managers by the Company and by all companies included in the consolidated financial statements in the past two fiscal years as a percentage of the after-tax net income of the individual or separate financial reports.

Except for the company, no remuneration was paid to directors,general managers, and deputy general managers in the consolidated subsidiaries, therefore the following analysis only pertains to this company.

Unit: NT$ thousand & %

Position	2023		2022	
	The amount of remuneration	The ratio of after-tax profit	The amount of remuneration	The ratio of after-tax profit
Directors	13,737	8.22%	18,826	5.98%
General Managers & Deputy General Managers	12,609	7.55%	11,652	3.70%

2) Remuneration Policy, Standards, and Packages, the Procedure for Determining remuneration, and its linkage to operating performance and future risk exposure.:

1. The Company has established a remuneration committee in accordance with regulatory requirements. In the past two fiscal years, remuneration for directors,general managers, and deputy general managers was determined by the remuneration committee based on industry standards, individual performance, company operational performance, and the correlation with future risks. The committee submitted their recommendations to the Board of Directors for discussion and approval.
2. The remuneration paid individually has undergone careful internal assessment and has been reviewed and approved by both the remuneration committee and the Board of Directors. The process ensures that no significant future risks will arise.

3.4 Corporate Governance Status

3.4.1 Operation of the Board of Directors

The number of board meetings held in the most recent fiscal year 2023 was 6. The 17th term held 3 meetings after its election on June 8, 2023, and the 18th term held 3 board meetings.

The attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person B	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Chairman	Tsai Yeou Liang	6	0	100%	Get re-election on June 8, 2023.
Director	Gao,Hong Rong	6	0	100%	Get re-election on June 8, 2023.
Director	Wang Hai Cheng	6	0	100%	Get re-election on June 8, 2023.
Director	Chiu Nu Chu	6	0	100%	Get re-election on June 8, 2023.
Director	ChaoJian Investment Corporation Limited. Rep.: Tsai Chih Hsiang	6	0	100%	Get re-election on June 8, 2023.
Director	Hong Ren Investment Corporation Limited Rep.: Hsu Po Wei	6	0	100%	Get re-election on June 8, 2023.
Independent Director	Chung Feng Yuan	5	0	83%	Get re-election on June 8, 2023.
Independent Director	Huang Jin Song	3	0	100%	Re-election as new director on June 8, 2023 (expected to attend 3 times)
Independent Director	He Hong En	3	0	100%	Re-election as new director on June 8, 2023 (expected to attend 3 times)
Independent Director	Weng Cheng Cheng	3	0	100%	Resigned after re-election on June 8, 2023 (expected to attend 3 times)
Independent Director	Chen Chi Lin	3	0	100%	Resigned after re-election on June 8, 2023 (expected to attend 3 times)

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Any matter under Article 14-3 of the Securities and Exchange Act.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an

independent directory that is on record or stated in writing with respect to any board resolution.: No

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.：

Date	Content of the motion	Directors who abstained from voting, reasons for abstention, and their participation in the vote:
Mar.09, 2023	1. The remuneration to the directors and managerial officers for year 2022.	1. Chairman Tsai Yeou Liang abstained from the discussion and voting due to the potential conflict of interest in this case. Therefore, independent director Chung Feng Yuan was appointed as the acting chairman. 2. Director Wang Hai Cheng, Chiu Nu Chu, Gao Hong Rong, Rep. Tsai Chih Hsiang of ChaoJian Investment Corporation Limited., and Accounting director Ho Yin Tang abstained from the discussion and voting due to the potential conflict of interest in this case. 3. Except for the directors who abstained from the discussion and voting in accordance with the regulation, the remaining attending directors did not object and agreed to pass the resolution.
Aug.09, 2023	The Company's Independent Director Compensation Proposal.	1. The independent directors, Chung Feng Yuan, Huang Jin Song, and He Hong En, abstained from discussion and voting on this matter due to their involvement in personal interests. 2. Except for the directors who abstained from the discussion and voting in accordance with the regulation, the remaining attending directors did not object and agreed to pass the resolution.
Nov.09, 2023	Examination of year-end bonus for managerial officers	1.Chairman Tsai Yeou Liang, director Wang Hai Cheng and rep. Tsai Chih Hsiang of ChaoJian Investment Corporation Limited are all managers of the company. According to the rules of the board of directors, these individuals should recuse themselves from participating in the discussion and voting on this matter due to potential conflicts of interest. Chairman Mr. Tsai appointed independent director Chung Feng Yuan as the proxy chairman to preside over the discussion and voting on this matter. 2. Except for the directors mentioned above who recused themselves due to conflicts of interest, the remaining directors present were consulted by the proxy chairman and agreed to pass the resolution without objection.

3.Evaluation cycle, period, scope, method and content of the board's self-evaluation：

Annual self evaluation：

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once per year	From Jan.01, 2023 to Dec.31, 2023 (the evaluation results were reported to	the board of directors, individual board members, and	the board of directors, individual board members, and	(1) The content of the board of directors' performance evaluation includes participation in the company's operations, improving the quality of the board's decision-making, the composition and structure of the board, the

	the board of directors on March 8, 2024	functional committees (remuneration and audit committee)	functional committees (remuneration and audit committee) and board members	selection and continuing education of directors, and internal controls. (2) The content of individual director’s performance evaluations includes understanding the company's goals and tasks, awareness of director responsibilities, participation in the company's operations, internal relationship management and communication, director professionalism and continuing education, and internal controls. (3) The content of the functional committee's performance evaluation includes understanding the company's goals and tasks, awareness of the functional committee's responsibilities, improving the quality of the functional committee's decision-making, the composition and selection of functional committee members, and internal controls.

4. Evaluation of the goals and implementation of strengthening the functions of the board in the current and previous years (such as establishing an audit committee, enhancing information transparency, etc.):

(1) The Company established the "Board Performance Evaluation Method" in 2020 to implement corporate governance and enhance the efficiency of the board's operations.

(2) The Company established an Audit Committee in 2020, consisting of all independent directors to strengthen corporate governance and management.

(3) Since 2021, the Company has established a Remuneration Committee, which is responsible for formulating and periodically reviewing the remuneration of directors and managerial officers.

(4) Important decisions of the board and related corporate governance regulations have been uploaded to the Company's website to strengthen information disclosure by the board.

3.4.2 Operation of the Audit Committee

(1) On June 8, 2023, the board of directors of the company underwent a comprehensive election, with Mr. Chung Feng Yuan, Mr. Huang Jin Song, and Mr. He Hong En appointed as independent directors and formed an audit committee.

(2) The term of the current audit committee was from June 8, 2023, to June 7, 2026. In the most recent fiscal year (2023), the audit committee convened 5 times (A), while in the previous term, it met 3 times. In the current term, it convened 2 times.

The attendance of independent directors was as follows:

Title	Name	No. of meetings attended in person Ｂ	No. of meetings attended by proxy	In-person attendance rate (%)【Ｂ/Ａ】	Remarks
Independent director (Convener)	Chung Feng Yuan	4	0	80%	Get re-election on June 8, 2023.
Independent director	Huang Jin Song	2	0	100%	Re-election as new director on June 8, 2023 (expected to attend 2 times)
Independent director	He Hong En	2	0	100%	Re-election as new director on June 8, 2023 (expected to attend 2 times)
Independent director	Weng Cheng Cheng	3	0	100%	Resigned after re-election on June 8, 2023 (expected to attend 3 times)
Independent director	Chen Chi Lin	3	0	100%	Resigned after re-election on June 8, 2023 (expected to attend 3 times)

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
   (1) Any matter under Article 14-5 of the Securities and Exchange Act.

Meeting Date (Meeting session number)	Meeting content of the motion(s)	All independent director opinions and the company's responses to independent director opinions
Feb. 03, 2023 (11th meeting of the 1st session)	1.Signing of Sales Contract with IGM GROUP B.V.	All of the proposals were unanimously approved by all attending members of the Audit Committee, and were subsequently passed by the Board of Directors without any objection. None of the proposals were approved without prior endorsement by the Audit Committee, and all were supported by more than two-thirds of the Board of Directors.
Mar. 09, 2023 (12th meeting of the 1st session)	1.Business report and financial statement for year 2022. 2.Profit distribution for year 2022. 3.Appointment of accountants and evaluation of their independence and suitability and determination of their remuneration 4. Proposal for pre-approval of the accountants, their firm, and firm-related entities to provide non-assurance services to the Company and its subsidiaries. 5.Derivatives trading report of the Company. 6.Internal audit report 7.Statement of internal control system for year 2022.	
May 10, 2023 (13th meeting of the 1st session)	1.Financial statements for the1st quarter of 2023. 2.Internal audit report	
Aug. 09, 2023 (1st meeting of the 2nd session)	1.Financial statements for the 2nd quarter of 2023. 2.Internal audit report	
Nov. 09, 2023 (2nd meeting of the 2nd session)	1. Financial statements for the 3rd quarter of 2023. 2.Budget addition for the Construction of the Annan Plant. 3.Proposal to Cease the Application of the "Handling Procedures for Transactions among Related Parties, Specific Companies, and Group Enterprises" and to Introduce the "Financial and Business Operation Regulations between Related Parties" for the Company 4.Internal audit report 5.Audit plan for the year 2024.	

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: No

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted.: No

3. Communication between independent directors, internal audit supervisors and CPAs (including significant matters, methods and results of communication regarding the company's financial and business conditions):

(1)The internal audit director of the Company regularly communicates the results of the audit report with the Audit Committees and presents an internal audit report at each quarterly meeting of the Audit Committee. In case of any special circumstances, the internal audit director also reports to the Audit Committees immediately. There were no such special circumstances in 2023. The communication between the Audit Committees and the internal audit director of the Company was good.

(2)The accountant reports the results of the audit or review of the financial statements for the quarter at each quarterly meeting of the Audit Committees, as well as other communication matters required by relevant laws and regulations. In case of any special circumstances, the accountant also reports to the Audit Committees immediately. There were no such special circumstances in 2023. The communication between the Audit Committees and the accountant was good.

(3)The communication between the independent directors and the internal audit director and accountant are as follows:

Meeting date	Communication with internal audit director	Communication with accountant
Mar.09,2023	Review internal audit report Review internal control system statement of 2022	Discuss the audit results of the individual and consolidated statements for year 2022
May.10,2023	Review internal audit report	Discuss the review result of the 1st quarter financial statements for year 2023
Aug.09,2023	Review internal audit report	Discuss the review result of the 2nd quarter financial statements for year 2023
Nov.09,2023	1. Review internal audit report 2. Review internal audit plan of 2024	1. Discuss the review result of the 3rd quarter financial statements for year 2023 2. Discuss the audit plan for year 2023

1. Annual key point of work and operation status：

(1)Annual key point of work：

1. Regular communication with the internal audit supervisor on the results of the audit report based on the annual audit plan
2. Regularly review or audit results of each quarter's financial statements with accountant.
3. Review financial reports
4. Assess the effectiveness of the internal control system
5. Review and approve the appointment, discharge, remuneration and services provided by the accountants.
6. Evaluation of the independence and suitability of the accountants.
7. Deliberation on the management of assets, derivative products, fund lending, and endorsement guarantees and related transactions.
8. Compliance with regulations.

(2) Operation status of year 2023: All audit committee proposals were reviewed or approved by the audit committee, and the independent directors had no objections.

3.4.3 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
Yes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?</td><td>V</td><td></td><td>Established Corporate Governance Best-Practice Principles and disclosed on the website.</td><td>V</td></tr>
<tr><td colspan="5">2. Shareholding Structure and Shareholders’ Rights</td></tr>
<tr><td>(1) Does the Company have Internal Operation Procedures or handling shareholders’ suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?</td><td>V</td><td></td><td>The company has set up a spokesperson and deputy spokesperson to handle shareholder suggestions or dispute</td><td>No</td></tr>
<tr><td>(2) Does the company know the entity of its major shareholders and the parties with ultimate control of the major shareholders</td><td>V</td><td></td><td>The company obtains a list of the main shareholders who actually control the company and the ultimate controllers of the main shareholders. Share-related matters are handled by a professional stock agency.</td><td>No</td></tr>
<tr><td>(3) Has the company built and implemented a risk management system and a firewall between the Company and its affiliates?</td><td>V</td><td></td><td>In addition to developing various risk management, the company has also established operational procedures for business, operations, and financial transactions with related enterprises to implement the risk management between the company and related enterprises.</td><td>No</td></tr>
<tr><td>(4) Has the company established internal rules prohibiting insider trading of securities based on undisclosed information?</td><td>V</td><td></td><td>The company has established the "Procedures for Handling Material Inside Information and Management of Insider Trading Regulations," which prohibits directors, managers, or employees from trading securities for profit using undisclosed material information in the market.
The company conducts educational outreach on the "Procedures for Handling Material Inside Information and Management of Insider Trading Regulations," and related laws at least once a year for current directors, managers, and employees.
During the fiscal year 2023, directors, managers, and employees participated in relevant training courses and educational programs on preventing insider trading (please refer to Note 1). On October 25, 2023, an email notification was sent to directors and managers to inform them of the closed period before the announcement of the financial report for the Q3 of 2023 to prevent inadvertent violations of regulations. On December 28, 2023, based on the scheduled board meeting dates for 2024, an email was sent to directors and managers to notify and remind them of the closed period in advance, and similar reminders will be sent before each closed period.</td><td>No</td></tr>
<tr><td colspan="5">3. Composition and responsibilities of the board of directors</td></tr>
<tr><td>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</td><td>V</td><td></td><td>The Company has established a policy of board diversity in the "Corporate Governance Best Practice Principles," including but not limited to the following two aspects of standards：
(1) Basic Conditions and Values: gender, age, nationality, and culture.
(2) Professional Knowledge and Skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience.
The current board of directors of the Company is composed of nine directors, and the specific management goals and achievements of the board's diversity policy are as follows:
<table>
<tr><td>Management goals</td><td>Achievements</td></tr>
<tr><td>The board of directors shall include at least one female director</td><td>Achieved</td></tr>
<tr><td>The number of directors who also serve as company executives shall not exceed one-third of the total number of directors</td><td>Achieved</td></tr>
<tr><td>No more than two directors who are relatives within the second degree of kinship by marriage</td><td>Achieved</td></tr>
<tr><td>The term of independent directors shall not exceed three terms</td><td>Achieved</td></tr>
</table>
The members of the board of directors have a diverse background in industries, finance and accounting, and management. Please refer to page 16 of the annual report for more information.</td><td>No</td></tr>
<tr><td>(2) Has the Company voluntarily established other functional committees in addition to the</td><td>V</td><td></td><td>The company established the Remuneration Committee and Audit Committee in November 2011 and June 2020 respectively to exercise their respective duties. The company may establish other functional committees in</td><td>No</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons Yes
	Yes	No	Summary description	
remuneration committee and the audit committee?			the future in accordance with legal requirements or practical needs.	
(3) Has the company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/remuneration for individual directors and their nomination and additional office terms?	V		On March 10, 2020, the Board of Directors approved the "Board of Directors Performance Evaluation Method". The board conducts internal performance evaluations at least once a year, including functional committees, and an external professional independent agency or expert team will conduct an evaluation at least once every three years. 1.Internal performance evaluation： Please refer to the relevant description in (1) Operation of the board of directors: 3. Evaluation Cycle and Period, Scope, Method, and Content of Self-Evaluation of the Board for the internal performance evaluation methods, scope, and content. The evaluation results were reported to the board on March 9, 2023, and served as a reference for the performance, remuneration and reappointment of the board and functional committees. The board, board members, and functional committees all operate effectively and meet the requirements of corporate governance. 2.External performance evaluation：Not conduct yet.	No
(4) Does the company regularly evaluate its accountant independence?	V		The Company refers to Article 47 of the Certified Public Accountant Act and Professional Ethics Bulletin No. 10 "Integrity, Objectivity, and Independence," as well as the Audit Quality Indicators (AQIs) to develop independence assessment items, and conducts regular assessments (at least once a year) of the independence and suitability of the accountants. The latest evaluation results were discussed and approved by the Audit Committee on March 08, 2024, and reported to the Board of Directors for resolution on the same date. All accountants meet the company's standards of independence and suitability (Note 3) and are qualified to serve as the company's accountants.	No
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		On Mar.9, 2022, it was resolved in the board meeting to appoint Mr. Ho Yin-Tang as the Corporate Governance Officer to be responsible for corporate governance-related matters as the highest executive officer with the assistance of the Finance Department. Mr. Ho has over three years of experience in financial management for publicly traded companies. The main responsibilities of the Corporate Governance Officer include coordinating with relevant departments to provide timely information needed for the board to carry out its duties, assisting the board in complying with laws and regulations, handling matters related to the board of directors and shareholders meetings, and implementing corporate governance. The business performance for the fiscal year 2023 is as follows: 1.During fiscal year 2023, the company held a total of 6 board meetings, 5 audit committee meetings, and 3 compensation committee meetings. Notices and meeting agenda were sent out at least 7 days prior to the meetings, and directors were reminded in advance to recuse themselves in case of conflicts of interest. Meeting minutes were sent out within 20 days after each meeting. 2.Regulations revised and approved by the board of directors and various functional committees in fiscal year 2023 include the "the Corporate Governance Best-Practice Principles," "Rules of Procedure for Board for Directors Mettings," "Standard Operating Procedures by Director Requests," "Ethical Corporate Management Best-Practice Principles," "Procedures for Handling Material Inside Information and Management of Insider Trading Regulations," and " Rules Governing Financial and Business Matters Between this Corporation and its Related Parties.” 3.Remind directors of their rights and obligations, provide legal information, and necessary business data to maintain smooth communication between directors and business executives, assisting directors in handling affairs. 4.Independent directors individually meet with the internal audit supervisor or accountant when necessary to understand the company's financial operations. They assist in arranging relevant meetings, with 4 meetings arranged in fiscal year 2023. 5.Handle pre-registration for shareholder meetings, prepare meeting notices, agendas, and minutes within the statutory deadlines, and assist in amending articles of association and director re-election matters. 6.Provide information on training courses and assist in arranging continuous education for directors. All 9 directors attended a total of 51 hours of training in fiscal year 2023. 7.In fiscal year 2023, the total training hours for the governance supervisors were 12 hours (please refer to Note 2: Training Status of Directors and Governance Supervisor).	No

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons Yes
	Yes	No	Summary description	
5. Has the company established channel for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		1. The company focuses on the issues and communication channels of stakeholders (Note 4) and has open communication channels with employees, customers, suppliers, investors, communities and other stakeholders, respecting and maintaining their legitimate rights and interests. 2. The company has set up a "Stakeholder area" on the website, and designated responsible personnel to provide appropriate responses to feedback and inquiries from investors, customers, suppliers, employees, and others. The website is https://www.qualipoly.com/zh-tw/.	No
6. Has the company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has appointed a professional stock agent, the Stock Agent Department of Entrust Securities Co., Ltd., to handle all stock-related affairs of the Company.	No
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The Company has a website (www.qualipoly.com.tw) that discloses financial and corporate governance information at all times. In addition, relevant information of the Company can be obtained by querying the Public Information Observation System.	No
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The company has designated a person to be in charge of the disclosure of significant information and to timely input it into Taiwan Stock Exchange Market Observation Post System and the company's website. The spokesperson system has also been implemented in accordance with regulations, and the materials from corporate briefings are posted on the company's website.	No
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		The Company has announced the financial reports for the first, second, and third quarters, as well as monthly operating status in accordance with the regulations and before the specified deadline. For details, please refer to the website of the Taiwan Stock Exchange Market Observation Post System (https://mops.twse.com.tw/). In the future, the Company will plan to announce the annual financial report within two months after the end of the accounting year, based on the operational needs of the Company.	No
8. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee rights: The company protects employee rights in accordance with the Labor Standards Act. 2. Employee care: The company provides related welfare systems and good education and training programs, and establishes communication channels with employees to appropriately respond to suggestions regarding the company's operations and employee benefits 3. Investor relations: The company fully discloses information to investors through Taiwan Stock Exchange Market Observation Post System and the company website to help them understand the company's operational status. The company also communicates with investors through shareholder meetings and spokesperson. 4. Supplier relations: The company regularly evaluates suppliers and maintains good relationships through effective communication. 5. Stakeholder rights: Stakeholders have the right to communicate and provide suggestions to the company to protect their legal interests. 6. Director training: Please refer to the explanation of director and corporate governance officer training in (Note 2) 7. Implementation of risk management policies and risk measurement standards: The company has established management regulations for important management indicators and implements them in accordance with the regulation. 8. Implementation of customer policies: The company maintains stable and good relationships with customers to create profits. The company has passed ISO 9001 certification and has a dedicated department that ensures the implementation of the company's customer policies through overall operations. 9. Liability insurance for directors and important employees: The cumulative limit of indemnity for each claim and during the insurance period is USD 3 million.	No
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.). 1. Improved: Strengthened information disclosure in annual reports and company websites 2. Not yet improved: For other items that have not yet been improved, the company will gradually review and improve them to implement the spirit of corporate governance.				

Note 1: The training and education status regarding the prevention of insider trading for directors, managers, and employees during fiscal year 2023 are as follows:

Title	Name	Training Date	Organization	Course/Content	Training hours
Independent director	He Hong En	Nov. 22, 2023	Securities & Futures Institute	Internal Insider Trading Compliance Seminar in Fiscal Year 2023	3
Corporate director Rep.	Tsai Chih Hsiang				3
Director, managers and supervisors	Total 20 persons	Dec. 11, 2023	Internal education training	Key points and practical case studies on the " Procedures for Handling Material Inside Information and Insider Trading Management"	1

Note 2: The training and education status for directors and corporate governance officer:

Title	Name	Training Date	Organization	Course	Training hours
Director	Tsai Yeou Liang	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
Director	Wang Hai Cheng	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
Director	Wang Hai Cheng	Jul. 04, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Chiu Nu Chu	Jul. 04, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Gao Hong Rong	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
Corporate director Rep.	Hu Bo Wei	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
Corporate director Rep.	Tsai Chih Hsiang	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
		Nov. 22, 2023	Securities & Futures Institute	Internal Insider Trading Compliance Seminar in Fiscal Year 2023	3
Independent director	Chung Feng Yuan	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
Independent director	Huang Jin Song	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
		Oct. 26, 2023	Taiwan Corporate Governance Association, TCGA	Net-Zero Sustainable Talent Development Program (Southern Region) - Carbon Governance and Sustainable Ecosystem	9
Independent director	He Hong En	Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3
		Nov. 22, 2023	Securities & Futures Institute	Internal Insider Trading Compliance Seminar in Fiscal Year 2023	3
Corporate Governance Officer	He Yin Tang	Jun. 26, 2023	Taiwan Corporate Governance Association, TCGA	How to Conduct Board Meetings? Common Deficiencies in the Operation of Board Meetings in Listed Companies	3
				Risks and Opportunities for Business Operations under Climate Change Trends	3
		Aug. 01, 2023	Cathay United Bank and Taiwan Academy of Banking and Finance	Corporate Governance Seminar for the Second Half of 2023	3
		Dec. 18, 2023	Taiwan Corporate Governance Association, TCGA	Corporate Ethical Business and Fraud Prevention Practice	3

Note 3: Independence and Suitability Criteria for Accountant

<table>
<tr><td colspan="6">1. Review of Independence Requirements (If "No" is checked for any item below, further investigation of specific facts should be conducted)</td></tr>
<tr><td rowspan="2">Item</td><td rowspan="2">Review Content</td><td colspan="3">Check</td><td rowspan="2">Remark</td></tr>
<tr><td>Yes</td><td>No</td><td>N/A</td></tr>
<tr><td>1</td><td>The accountant, their spouse, and underage children have no investment or financial interest in the company</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>2</td><td>The accountant, their spouse, and underage children have no financial borrowings from the company. However, if the creditor is a financial institution and the transaction is within the normal course of business, this does not apply.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td>The CPA has not issued any assurance reports on the design or implementation of financial information systems to ensure their effective operation.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>4</td><td>The accountant or members of the audit service team have not served as directors, executives, or held positions significantly affecting audit matters for the company currently or in the past two years.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>5</td><td>Non-audit services provided to the company have not directly influenced significant audit matters.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>6</td><td>The accountant or members of the audit service team have not promoted or brokered the company's issuance of stocks or other securities.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>7</td><td>Apart from legally permitted activities, the accountant or members of the audit service team have not represented the company in legal cases or other disputes with third parties.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>8</td><td>The accountant or members of the audit service team do not have any spousal, direct blood relative, direct in-law, or second-degree relative relationship with individuals who hold significant positions as directors, executives, or in roles influencing audit matters for the company.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>9</td><td>Within one year of leaving the CPAs, former joint accountants have not assumed positions of significance as directors, executives, or in roles influencing audit matters for the company.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>10</td><td>The accountant or members of the audit service team have not received significant gifts or special favors from the company, directors, executives, or major shareholders.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>11</td><td>The accountant is not currently employed by or regularly working for the client or the entity being audited, receiving a fixed salary, or serving as a director or supervisor.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>12</td><td>The accountant has not provided audit services to the company continuously for 7 years.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td colspan="6">2. Independence Operation Review (If "No" is checked for any item below, further investigation of specific facts should be conducted)</td></tr>
<tr><td>1</td><td>Has the accountant avoided undertaking tasks when there is a direct or significant indirect conflict of interest with the commissioned matters that may affect their fairness and independence？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>2</td><td>When providing opinions on the audit, review, verification, or special examination of financial statements, does the accountant maintain not only substantial independence but also formal independence？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td>Do members of the audit service team, other accounts, shareholders of CPAs, affiliated companies of CPAs, and affiliated firms also maintain independence from the company？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>4</td><td>Does the accountant perform professional services with integrity and rigor？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>5</td><td>Does the accountant maintain a fair and objective stance when performing professional services, and have they avoided allowing bias, conflicts of interest, or relationships to affect professional judgment？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>6</td><td>The accountant has not allowed a lack of independence to compromise integrity and impartiality.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td colspan="6">3. Suitability Review (If "No" is checked for any item below, further investigation of specific facts should be conducted)</td></tr>
<tr><td>1</td><td>Does the senior auditor have sufficient auditing experience to perform audit work？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>2</td><td>Do accountants and senior auditors receive adequate education and training each year to continuously acquire professional knowledge and skills？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td>Does the CPAs maintain a pool of senior human resources？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>4</td><td>Does the CPAs have a sufficient number of professionals (such as evaluators) to support the audit team？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>5</td><td>Are auditors free from excessive workloads？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>6</td><td>Are audit team members adequately involved at each stage of the audit？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>7</td><td>Are auditors investing sufficient time in performing the quality control review (EQCR) of audit engagements？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>8</td><td>Does the CPAs have adequate quality control personnel to support the audit team？</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>9</td><td>The proportion of non-audit service fees does not affect independence.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>10</td><td>The cumulative number of years auditing engagements in the CPAs’ signing annual financial reports does not affect independence.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>11</td><td>External inspection deficiencies and sanctions: Whether the CPAs’ quality control and auditing engagements comply with relevant laws and standards.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>12</td><td>Improvement letters from regulatory authorities: Whether the CPAs’ quality control and auditing engagements comply with relevant laws and standards.</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>13</td><td>The CPAs’ commitment to enhancing audit quality, including its innovation capability and planning</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>14</td><td>Whether the CPAs promptly notifies the board of directors (audit committee) of any significant issues and developments in risk management, corporate governance, financial accounting, and related risk controls？</td><td>✓</td><td></td><td></td><td></td></tr>
</table>

Note 4：Stakeholder issues and communication channels

Stokeholder	Issues	Communication channel and frequency	Response method and communication performance
Shareholder/Investor	◎Operating performance and finance information ◎Owner's Equity ◎Information disclosure ◎Regulatory compliance ◎Corporate Governance	◎Investor Relations Contact (Real-time) ◎Spokerperson and Deputy Spokerperson (Real-time) ◎Announcement Declaration Information and Material Events (Regular / Irregularly) ◎Public Information Observation and Disclosure of Information on Company Website (Regular / Irregularly) ◎Shareholders' Meeting and Annual Report (Annually) ◎Eearning Call (At least once a year) ◎Financial Report (Quarterly / Annually) ◎Mr. He's email address (Spokesperson): face@qualipoly.com.tw	◎Regular disclosure of financial and business-related information on the MOPS and the company's website. ◎Irregular release of material information on the MOPS ◎Perticipated in 1 earning call in 2023
Customer	◎Product quality and service ◎Innovation and R&D ◎Regulatory compliance ◎Customer Protection and Communication ◎Information Security	◎Sales contact (Real-time) ◎Visiting, E-mail, phone calling (Irregular) ◎Technical support (Irregular) ◎Customer satisfaction survey (Annually) ◎Customer contact email: customer@qualipoly.com.tw	◎Sales or designated R&D persons obtain customer-related information through visiting, phone calling and regular email correspondence. ◎The R&D team provides professional support and solutions for product and technical issues. ◎Conduct customer satisfaction surveys regularly every year to ensure that customer needs are understood and properly addressed. It serves as an important basis for continuously improving our operational processes. ◎In 2023, there were no records of any customer complaints regarding information security or privacy violations.
Employee	◎Employee salary and welfare ◎Training and development ◎Labor relations ◎Workplace safety and health ◎Operation performance	◎Education and training (Irregular) ◎Communication meeting, E-mail, internal announcement (Irregular) ◎Symposium (Half-year) ◎Employee welfare committee（Quarterly） ◎Mr. Lin's email address (dept. of administration): adm3@qualipoly.com.tw	◎Salary, welfare and education training-related information is notified to employees irregularly through announcements and emails. ◎Conduct general health check-ups for employees and specific health hazard checks annually. ◎Convene the Safety and Health Committee quarterly to review and improve various deficiencies.
Supplier/Contractor	◎Workplace safety and health ◎Supplier/contractor management and evaluation ◎Product Quality	◎Supplier/contractor assessment (Quarterly / Annually) ◎E-mail, phone communication, supplier visiting (Irregular) ◎Organizational meetings and negotiations ◎Ms. Lee's email address (dept. of purchase): buyer@qualipoly.com.tw	◎Establish a supplier/contractor evaluation mechanism and conduct regular supplier assessments. ◎Emphasize the safety of contractors during operations on-site and implement the "Contractor Safety and Health Management Procedures" accordingly.
Government	◎Regulatory compliance◎Safety and health ◎Adiministration communication	◎Adiministration contact (Real-time) ◎Correspondence and telephone communication (Irregular) ◎Participation in seminars/promotional events/forums/workshops (Irregular) ◎Mr. He's email address (Spokesperson): ytho@qualipoly.com.tw	◎Irregularly review the latest regulatory information and assess the company's compliance with regulations. If there are any discrepancies, propose improvement and revision ◎Participation in regulatory seminars and promotional events.
Community	◎Community engagement ◎Charitable activities	◎Visitin and phone communication (Irregular) ◎Project donations (Regular) ◎Mr. Lin's email address (dept. of administration): adm3@qualipoly.com.tw	◎Implementing the concept of "harmonious neighbors" and participating in community events. ◎Annual donation of scholarships to Yung-An Junior High School and graduation awards to Wei Xin Elementary School.

3.4.4 Disclosure of composition and operation of remuneration committee：

1. Information on Remuneration Committee Members

Mar.31, 2024

Capacity / Name / Qualifications		Professional qualification and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent director (Convener)	Chung Feng Yuan	Note	Note	0
Independent director	Huang Jin Song	Note	Note	0
Independent director	He Hong En	Note	Note	0
Independent director	Weng Cheng Cheng	Note	Note	0
Independent director	Chen Chi Lin	Note	Note	0

Note: For information of professional qualifications, experience, and independence of the remuneration committee member, please refer to the relevant content in Section (I) of the Directors and Supervisors Information on page 8.

Independent directors Mr. Weng Cheng Cheng and Mr. Chen Chi Lin resigned after the re-election on June 8, 2023. Mr. Chung Feng Yuan, Mr. Huang Jin Song, and Mr. He Hong En were appointed as members of the company's Compensation Committee by the Board of Directors on June 8, 2023

2.Operation of the Remuneration Committee

(1) The Company’s remuneration committee has a total of 3 members.

(2) The term of the current members is from Jun. 08, 2023 to Jun. 07, 2026. The number of remuneration committee meetings held in the most recent fiscal year 2023 was:3(A), 1 meeting in the previous term and 2 meeetings in this term. The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Committee (Convener)	Chung Feng Yuan	3	0	100%	Get re-election on Jun. 08, 2023
Committee	Huang Jin Song	2	0	100%	Appointed on Jun.08, 2023 (expected to attend 2 times)
Committee	He Hong En	2	0	100%	Appointed on Jun.08, 2023 (expected to attend 2 times)
Committee	Weng	1	0	100%	Resigned on Jun. 08, 2023

	Cheng Cheng				(expected to attend 1 time)
Committee	Chen Chi Lin	1	0	100%	Resigned on Jun. 08, 2023 (expected to attend 1 time)

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/remuneration approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons)：No
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.：

Meeting Date	Content of motion	Results of the remuneration committee and the company's handling for member's opinions
Mar.09, 2023 (8th of 4th session of remuneration committee meeting)	1. Performance evaluation of the Board of Directors (including functional committees) for the year 2022 2. Employee and director remuneration distribution for the year 2022 3.Remuneration on directors and managerial officers for the year 2023	The proposal has been approved without objection
Aug.09, 2023 (1st of 5th session of remuneration committee meeting)	Compensation for independent directors of the company.	The proposal has been approved without objection
Nov.09, 2023 (2^{nd} of 5th session of remuneration committee meeting)	Review of year-end bonus for managerial officers	The proposal has been approved without objection

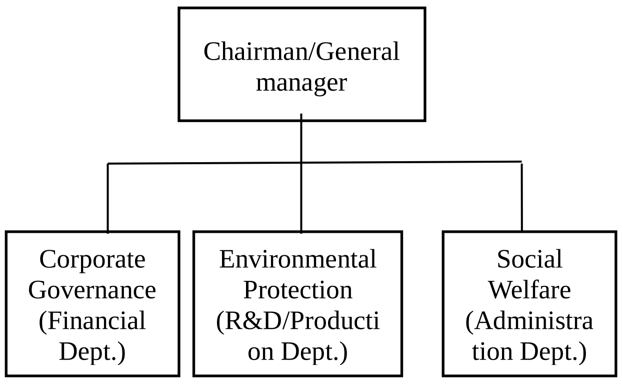
3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>1. Has the company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</td><td>V</td><td></td><td>The company's various departments work together to promote sustainable development. They regularly discussion the issue of concern to stakeholders and develop corresponding strategies. After being reviewed by senior management, these strategies are communicated and integrated through departmental collaboration to ensure effective implementation (Note1).</td><td>No</td></tr>
<tr><td>2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</td><td>V</td><td></td><td>1. The disclosure shall cover the economic, environmental, and social performance of the operational with the risk assessment boundary mainly focusing on the company (including the Yongan plant in Kaohsiung.
2. The company references the Global Reporting Initiative (GRI) Standards, benchmarks set by peers, and industry-relevant issues highlighted by the Sustainability Accounting Standards Board (SASB) to conduct risk assessments and propose policies in response to related issues (see Note 2).</td><td>No</td></tr>
<tr><td colspan="5">3. Environmental Issues</td></tr>
<tr><td>(1) Has the Company set an environmental management system designed to industry characteristics?</td><td>V</td><td></td><td>The company has implemented an environmental management system in accordance with the ISO 14001 international standard. We obtained ISO 14001 environmental management system certification in 2009, and obtained certification for the updated version, ISO 14001:2015 in 2018. Currently, the certificate is valid until Mar. 19th, 2027.</td><td>No</td></tr>
<tr><td>(2) Does the company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</td><td>V</td><td></td><td>The company is actively strengthening pollution prevention, process improvement, environmental monitoring, resource management, waste reduction, and solvent recovery and reuse. We are also developing recycled material products and have obtained GRS and RCS certifications to achieve the goal of low energy consumption and low pollution environment.</td><td>No</td></tr>
<tr><td>(3) Has the company evaluated the potential risks and opportunities posed by for its business now and in the future and adopted relevant measures to address them?</td><td>V</td><td></td><td>The company has formulated regulations for energy conservation, carbon reduction, and greenhouse gas reduction in response to the impact of climate change.</td><td>No</td></tr>
<tr><td>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>The company obtained ISO 14001 certification in 2009. Through this standard, we have strengthened the self-management and continuously improved the environmental performance, effectively and properly maintaining overall operations. In terms of pollution prevention, we have obtained various permits, including "Permit for Operating Fixed Pollution Sources," "Water Pollution Prevention Permit," "Business Waste Management Plan," and "Permit for the Operation of Toxic Chemicals," and we regularly inspect, maintain, report, and test according to regulations.
1. Statistical data and intensity of Greenhous gases of Yongan Plant in past two years:
Unit：ton CO2/year
<table>
<tr><th>Item</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1(direct emissions)</td><td>9,899</td><td>8,145</td></tr>
<tr><td>Scope 2(Indirect emissions)</td><td>6,750</td><td>6,347</td></tr>
<tr><td>Scope 3(Other indirect emissions)</td><td>28</td><td>11</td></tr>
<tr><td>Total</td><td>16,677</td><td>14,503</td></tr>
</table>
2. Volume of water consumption of Yongan Plant in past two years：
<table>
<tr><th>Item</th><th>2022</th><th>2023</th></tr>
<tr><td>Sewage discharge</td><td>38,669 m^3</td><td>35,877 m^3</td></tr>
<tr><td>Tap water usage</td><td>109,944 m^3</td><td>98,010 m^3</td></tr>
</table>
</td><td>No</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td>3. Waste of Yongan Plant in past two years：
General waste Unit of disposal: ton
<table>
<tr><td>Item</td><td>2022</td><td>2023</td><td>Disposal method</td></tr>
<tr><td>Waste</td><td>5,093</td><td>4,768</td><td>Incineration, burial, thermal, physical treatments</td></tr>
<tr><td>Waste steel drums</td><td>238</td><td>293</td><td>Recycle</td></tr>
<tr><td>Waste</td><td>5,331</td><td>5,061</td><td></td></tr>
</table>
Dangerous waste Unit of disposal: ton
<table>
<tr><td>Item</td><td>2022</td><td>2023</td><td>Disposal method</td></tr>
<tr><td>Waste</td><td>31</td><td>83</td><td>Incineration</td></tr>
<tr><td>Waste steel drums</td><td>245</td><td>245</td><td>Recycle</td></tr>
<tr><td>Waste</td><td>276</td><td>328</td><td></td></tr>
</table>
4. Emissions of air pollutants of Yongan Plant in past two years：
Unit: tons
<table>
<tr><td>Item</td><td>2022</td><td>2023</td></tr>
<tr><td>Nitrogen oxides(NOX)</td><td>7.5</td><td>7.4</td></tr>
<tr><td>Sulfur oxides(SOX)</td><td>1.5</td><td>0.76</td></tr>
<tr><td>Volatile organic pollutants (VOCS)</td><td>14.6</td><td>13.9</td></tr>
<tr><td>Particulate matter (Par)</td><td>0.4</td><td>0.26</td></tr>
</table>
The company no longer uses ozone-depleting substances(ODS)</td><td></td></tr>
<tr><td colspan="5">4. Social Issues</td></tr>
<tr><td>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>The company has established various management regulations in accordance with labor standards and related personnel regulations, respecting internationally recognized basic human rights, including freedom of association, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, and eliminating discrimination in employment and employment. These regulations aim to protect the legitimate rights and interests of the company’s employees.</td><td>No</td></tr>
<tr><td>(2) Has the company established and implemented reasonable employee welfare measures (include salary/remuneration, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/remuneration?</td><td>V</td><td></td><td>1. The company refers to the salary levels of peers in the industry and the market to determine reasonable salary remuneration. Salaries are granted based on factors such as job level, individual education and experience, professional skills, seniority, ability, job performance, etc. We also provide a stable salary adjustment that does not involve gender differences. In addition, we review the operating performance every six months and issue employee operating performance bonuses based on the company's performance, sharing the results of operations with employees. According to the company's articles of association, if the company makes a profit for the year, 1% to 1.5% should be allocated for employee compensation. In 2023, the average percentage of female employees was 17%, and on management position female supervisors was 8%.
2. The company provides a comprehensive welfare system, such as paid leave, birthday bonuses, club activities, and work uniform. We have also established a staff welfare committee to provide all employees with various subsidies. For details on welfare, please refer to the "Labor-Management Relations" section on page 80 of this year's annual report.</td><td>No</td></tr>
<tr><td>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</td><td>V</td><td></td><td>1. The company has established a safe and healthy workplace environment based on the PDCA management framework under the ISO 45001:2018 Occupational Health and Safety Management System.
2. Implementation of employee safety and health:
(1) Every year, we thoroughly implement health check requirements based on legal regulations, issue analysis reports on the results, and have specialized personnel (factory medical staff) track and control any abnormalities. Special operation personnel also undergo special health checks annually. We hire occupational medicine specialists to provide on-site medical consultation services every two months. We have installed AED automated external defibrillators in the guardhouse and within the factory premises, and</td><td>No</td></tr>
</table>

			regularly hold CPR and first aid training and awareness courses. (2)Every year, we convene an emergency response team for on-site drills in the factory to prevent accidental disasters and ensure the timely reaction in case of an accident to prevent or mitigate personnel injuries, property damage, production interruptions, and other impacts. We also control the impact of disasters and restore the situation after a disaster. (3)There were no occupational accidents in 2023. We continue to control and improve employee awareness to prevent future risks. (4) No fire accident in the company in 2023.	
(4) Has the company established effective career development training programs for employees?	V		The company provides relevant internal and external professional education and training to enrich employees' skills.	No
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		1.The products are labeled in compliance with relevant laws and international standards. 2.The company has established a customer complaint procedure to address customer feedback promptly. Customers can also feedback and participate in the annual customer satisfaction survey through the company's website's inquiry mailbox or directly through the sales to ensure their rights and interests are protected. 3.The company has designated personnel to sort and archive any customer information involving customer privacy. Access to customer information requires appropriate approval and authorization. There were no complaints in 2023 regarding customer privacy breaches or loss of customer data, nor were there any incidents of counterfeiting, infringement, or other events.	No
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		The company has established a "Supplier Management Procedure" that requires the company’s suppliers to comply with environmental and occupational safety requirements, in order to jointly create a safe environment and fulfill corporate social responsibility. If we find that a supplier violates the company’s corporate social responsibility policy and has a significant impact on the environment and society, we will consider temporarily or permanently suspending business dealings with them.	No
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The company follows the "Global Reporting Initiative (GRI) Standards: Core Option" and the "Operation Rules for Listed Companies to Compile and Declare Sustainability Reports" of the Taiwan Stock Exchange to prepare our sustainability report in compliance with relevant regulations. For year 2023 report, we commissioned Deloitte & Touche to provide a limited assurance report in accordance with the Taiwan Financial Assurance Foundation's Bulletin No. 1 "Assurance Engagements Other than Historical Financial Information.”	No
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: The company adheres to the self-established Sustainable Development Practices and there are no significant differences				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: Disclose the Sustainability Report on the company website and Taiwan Stock Exchange Market Observation Post System to help stakeholders understand the company’s sustainable development operations.				

Note 1. Organization of sustainable development：



Chairman/General Manger	Establish overall goals, review implementation plans, monitor progress, and review the annual ESG report.
Each dept.	Propose execution plans, report on progress, and assess implementation results.

2. Based on the GRI assessment, the following risk management policies are formulated：

Issue	Risk assessment	Risk management policies
Corporate governance	Compliance with laws and regulations	Establish various internal management regulations, implement internal controls, and establish a whistleblower mechanism to ensure that the company's operations and employees comply with laws and regulations. Stay up-to-date with changes in laws and regulations, and send representatives to attend government-sponsored advocacy meetings, courses, etc. from time to time to ensure compliance with legal requirements.
	Strengthen director functions and implement director responsibilities	Provide information required for the directors to execute their duties irregularly and assist in arranging courses for directors to improve their skills.
	Stakeholder communication	Analyze important issues related to stakeholders every year, set up a stakeholder zone on the company's website, and have a dedicated person respond to ensure smooth communication channels for stakeholders.
Society	Workplace safety and health	Implement the ISO 14001 environmental management system and ISO 45001 occupational health and safety management system, establish an "Occupational Health and Safety Committee" to implement occupational health and safety management. Hold safety meetings regularly, review and improve various hazard prevention measures, and enhance employee safety awareness to reduce occupational accidents.
	Employee welfare and remuneration Human rights protection	Establish internal personnel regulations to clearly define the standards for employee appointment, promotion, treatment, benefits, etc.; establish an employee stock trust to enhance employee welfare and provide a comprehensive retirement plan. Set up complaint channels to maintain smooth communication between labor and management team, and promptly understand and handle any human rights violations.
Environment	Greenhouse gas and energy management	Conduct regular inventory checks on greenhouse gas emissions every year, hold the situation and execute reduction operations plans, and pay attention to the use of various energy resources, regularly evaluate and review and improve.
	Environmental pollution prevention and management.	Monitor the temperature and air volume of the operating equipment online; inspect the equipment components every quarter, and arrange personnel for random sampling in the factory from time to time to reduce the possibility of VOCs escaping into the atmosphere. Effectively implement equipment maintenance to ensure that all equipment can perform at its best, and implement pollution prevention.

3.4.6 Climate-related information for listed companies

1. Implementation status of climate-related information

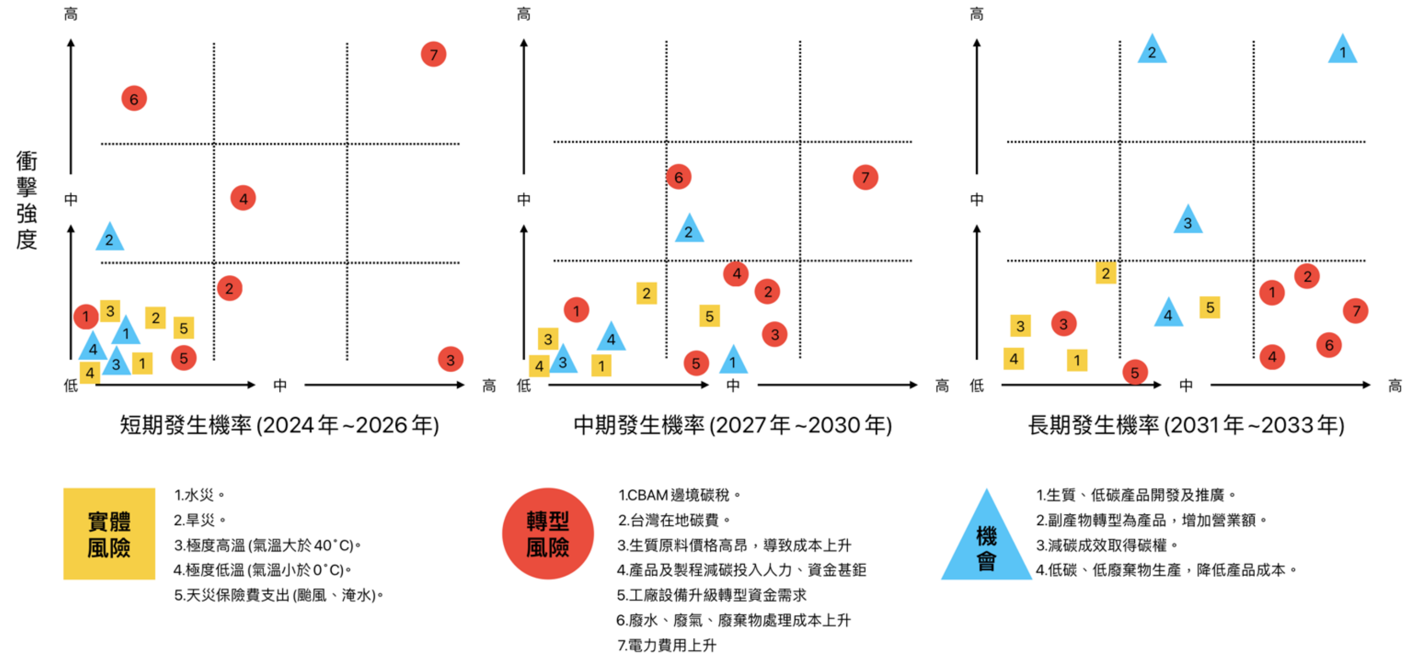
<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1. Delineate the supervision and governance by the Board of Directors and management on climate-related risks and opportunities</td><td>For corporate governance and sustainable operation, in July 2022, the company established a "Net Zero Carbon Working Group" under the Business Management Committee. The group is led by the Executive Deputy General Manager as the project leader, overseeing relevant departments such as operations, environmental health and safety, research and development, etc., to jointly deliberate on climate-related and net-zero carbon emission issues. The working group holds meetings quarterly to continuously update the latest trends and regulatory information, formulate work plans tailored to the company's operations, and ensure that relevant department heads execute tasks according to the work plan, thus ensuring that the company can seize opportunities and control risks related to climate change in its operations. At the end of each year, the working group compiles a Net Zero Carbon Emission report for submission to General Manager and Chairman for approval of the next year's work plan. The group also reports the annual achievements and subsequent work plans to the Board of Directors in the fourth quarter, thereby enhancing the effectiveness of supervision and governance.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the company's operations, strategies, and finances (short-term, medium-term, long-term).

3. Describe the financial impacts of extreme weather and transition actions.

4. How the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.

5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used in the analysis.</td><td>The company has assessed the physical risk, transition risk, and opportunity posed by climate change on the enterprise and has taken measures to address climate-related issues, as below:
<table>
<tr><th></th><th>Risk Type</th><th>Potential Financial Impact</th><th>Response Strategies</th></tr>
<tr><td rowspan="3">Physical Risk</td><td>Flooding, droughts, frequent extreme temperatures, and unstable water and electricity supply</td><td>Production disruptions leading to financial losses and decreased revenue due to delayed deliveries</td><td rowspan="3">Assessing the risk of droughts/floods in the plant and devising and implementing risk mitigation measures.
Promoting water conservation in the plant, establishing comprehensive drainage systems, and implementing water monitoring mechanisms.
Establishing an energy-saving and carbon-reduction committee led by senior managers to lead greenhouse gas reduction efforts.</td></tr>
<tr><td>Rising temperatures</td><td>Increase of electricity consumption, production costs, and carbon emissions</td></tr>
<tr><td>Increase of natural disaster insurance cost</td><td>Increase of operating expenses</td></tr>
<tr><td rowspan="3">Transition Risk</td><td>Greenhouse gas emissions control and carbon trading systems such as carbon taxes and fees</td><td>Restricted capacity expansion and increase of operational costs</td><td rowspan="3">Participation in carbon trading markets and renewable energy project.
Continued implementation of greenhouse gas reduction, ongoing investment in R&D to develop energy-efficient products.
Increasing low-carbon production, announcing relevant information, and stabilizing the market.</td></tr>
<tr><td>Trends of net zero emissions</td><td>Increase of costs for installing and operating carbon reduction equipment</td></tr>
<tr><td>Impact on corporate reputation</td><td>Not able to meet stakeholder expectations leading to corporate reputation damage and resulting in market sales loss</td></tr>
<tr><td rowspan="3">Opportunity</td><td>Developing low-carbon products</td><td>Accumulating carbon credits needed for future emission offset.</td><td rowspan="3">Development and promotion of biomass and low-carbon products, continuous investment in R&D, and development of energy-saving products.
Collaborating with suppliers to build a green supply chain.</td></tr>
<tr><td>Enhancing product efficiency for customers</td><td>Entering emerging markets to meet customer demand for energy-saving products and increase revenue</td></tr>
<tr><td>Promoting low-carbon green production, transforming by-products into products.</td><td>Saving electricity, reducing costs, and increasing turnover</td></tr>
</table>

Matrix chart of climate-related risk and opportunity
1. The chart sets the short term as 2024-2026, the medium term as 2027-2030, and the long term as 2031-2033. It assesses the potential climate change risks and opportunities based on existing measures, scenario simulations, and the strength of issue relevance, determining the level of operational impact and occurrence probability for each issue.
2. The yellow squares represent physical risks; orange circles represent transition risks; blue triangles represent opportunities. On the scores and timelines of each issue, risk and opportunity response strategies are formulated within the risk and opportunity areas.
3. A. Through scenario simulations of extreme weather such as typhoons, floods, droughts, heavy rains, etc., the financial impacts on the company may include impaired production capacity, increase of manufacturing costs, increase of risk management costs, and reduced product demand. Overall, extreme weather has a negative impact on the financials of the manufacturing industry, necessitating strengthened risk management to mitigate losses caused by extreme weather.
B. According to the assessment of the risk matrix, transition and physical risks are associated with different risk scenarios and may result in short, medium, and long-term financial cost impacts.</td></tr>
</table>

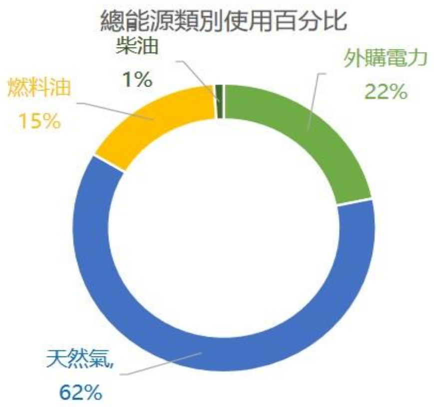
<table>
<tr><td></td><td>
</td></tr>
<tr><td>6. If there is a transformation plan to address climate-related risks, describe the contents of the plan, as well as the indicators and objectives used to identify and manage physical and transitional risks.</td><td>Given the ongoing issues surrounding climate change and the tightening of environmental regulations, the significant impact of international trade on operations and supply chains, as well as the need to address international carbon reduction goals and the trend of stricter environmental regulations, it is imperative to grasp the ways to respond. The company responds to initiatives related to climate-related financial disclosures, net-zero emissions, renewable energy, green chemistry, circular economy, and others to align with the “Climate Change Response Act” and integrate it into existing ISO 14001 environmental management system, incorporating it into daily operations. The company promotes various sustainable actions across all risk dimensions, including climate change, energy, water resources, waste, and air pollution prevention.
Particularly focus on the international trend towards net-zero emissions, the company is committed to promoting sustainable resource management strategies through process improvements in energy efficiency, pollution control, water recycling rates, and green chemistry technologies. These efforts aim to mitigate and adapt to climate change by reducing emissions at the source and implementing circular economy practices to maximize resource utilization efficiency. The company has already completed the recycling and reuse of organic solvent waste in internal processes, demonstrating the commitment to waste reduction and positioning the company in the vein of the circular economy industry. Additionally, the company is planning to apply for the Green Factory certification in the short to medium term, with a focus on clean production and green building initiatives to gradually transition towards a net-zero carbon footprint. This not only aligns with the trend of promoting the circular economy but also moves the company towards industrial greening and the establishment of green industries and environmental protection trends. Moreover, as the company faces potential significant impacts from extreme weather on production operations, enhancing our products' advantages in green chemical manufacturing and low-carbon transformation not only protects the environment but also enhances the corporate value.</td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.</td><td>Regarding carbon pricing-related issues, the company is still under discussion.</td></tr>
<tr><td>8. If climate-related goals are set, information should be provided on the activities covered, greenhouse gas emission scopes, planning schedule, annual progress towards achievement, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of the offset carbon credits or the quantity of RECs exchanged should be explained.</td><td>The company's greenhouse gas emissions are below the regulatory threshold of 25,000 metric tons of CO2e per year, and the capitalization does not exceed NT$5 billion, which is the threshold for listed companies. However, the company has been reviewing greenhouse gas emissions within the facilities since 2011 and refered the 2006 IPCC Guidelines and GHG Protocol Calculation Tools to calculate emissions. And the company conducts an annual inventory using the "Industrial Greenhouse Gas Inventory Reduction Advocacy Handbook" published by the Industrial Development Administration, Ministry of Economic Affairs (formerly the Industrial Development Bureau). In recent years, we have followed the guidelines provided by the Environmental Protection Administration (formerly the Environmental Protection) on "Greenhouse Gas Emissions Reporting" and "Greenhouse Gas Inventory Registration Forms" for self-assessment. The company uses an operational control approach to conduct the greenhouse gas inventory, following a cycle of planning, execution, review, and countermeasures. Based on this, the company sets energy-saving and carbon reduction goals to further promote relevant management policies and measures. Since 2020, the company has gradually implemented ISO 14064-1 greenhouse gas inventory in all production processes. The company has been calculating carbon emissions generated by existing production lines and analyzing carbon emission hotspots, examining all changes in energy resources in the process, and identifying areas for recycling to reduce the carbon footprint per unit of product. Then the company proceed to adjust process and product combinations and accelerate transformation, focusing on process and technological innovation, and seeking low-carbon raw materials. Regarding greenhouse gas reduction, the company plans to evaluate the use of renewable energy generation equipment and consider purchasing green energy certificates in the future to accelerate the development and deployment of low-carbon chemical processes. By increasing transparency and providing products in a systematic and gradual manner, the company aims to reduce the carbon footprint of resin products and electronic chemical materials throughout the entire value supply chain, assisting customers in reducing their own product carbon footprint.
<table>
<tr><td>Year</td><td>Scope 1 (Direct emmisions)</td><td>Scope 2 (Indirect emmisions)</td><td>Total emmisions (scope 1+2)</td><td>Certifying agent</td><td>Explanation of certification status</td></tr>
<tr><td>2020</td><td>6,190</td><td>6,239</td><td>12,429</td><td>No</td><td>Completed individual company inventory in 2026</td></tr>
<tr><td>2021</td><td>11,066</td><td>7,170</td><td>18,236</td><td>No</td><td>Completed individual company inventory in 2026</td></tr>
<tr><td>2022</td><td>9,899</td><td>6,750</td><td>16,649</td><td>No</td><td>Completed individual company inventory in 2026</td></tr>
<tr><td>2023</td><td>8,145</td><td>6,347</td><td>14,492</td><td>No</td><td>Completed individual company inventory in 2026</td></tr>
</table>
Emission unit：metric tons CO2e/year
Scope 1 refers to direct energy sources, and Scope 2 refers to indirect energy sources. The greenhouse gas emissions sources of the company include CO2, CH4, and N2O</td></tr>
</table>

Management by Objectives (MOB) and strategies
Primary management mechanism：ISO 14064-1 Greenhouse gas inventory management system
Strategy：Promotion of Internal Circular Economy, Waste Reduction, Low Carbon Manufacturing, and Enhancement of Energy Efficiency, gradually moving towards the goal of net zero carbon emissions.
In recent years, the company has actively implemented various energy management and energy-saving measures. As a result, greenhouse gas emissions have remained below the level of 2012 (the start of energy-saving programs). In 2022, the entire office area of the factory was fully equipped with energy-saving LED lighting, and process optimization reduced equipment operating time. In 2023, heavy oil burners were replaced with natural gas burners, and greenhouse gas reduction measures continued to be promoted.

According to the "Sustainable Energy Policy Framework" issued by the Executive Yuan, Taiwan's greenhouse gas reduction target is to return to the level of greenhouse gas emissions in 2005 by 2020, and to return to the level of emissions in 2000 by 2025. The energy sources used in the production process of the company vary, mainly including natural gas, fuel oil, and externally supplied electricity, steam, etc. The main categories of energy consumption are electricity used in product manufacturing, followed by natural gas, with no use of renewable energy or self-generated energy. (Additionally, due to the temporary suspension of steam suppliers, there was no purchased steam in 2022-2023.) The percentage of electricity in total energy consumption is approximately 22%.

Category of energy and quantities：

Category/Unit	2020	2021	2022	2023
Natural gas (m3)	2,392,844	3,783,793	3,414,868	4,086,960
Fuel oil (KL)	165	896.2	770.62	5.9
Diesel (L)	67,000	66,000	58,800	64,000
Renewable energy	0	0	0	0
Self-generated energy	0	0	0	0
Purchased-electricity (KWH)	11,260,400	12,942,000	12,184,800	12,780,831
Purchased-steam (T)	15,981	0	0	0
Total (GJ)	179,850	221,969	200,334	197,011



Natural gas	8,700 kcal/m3
Fuel oil	9,600 kcal/L
Diesel	8,400 kcal/L
Electricity	860 kcal/KWH
Steam	658 kcal/kg
1 GJ	239,000 kcal

Energy Intensity
The company calculates energy intensity based on production volume. The energy consumption per ton of production from 2020 to 2023 is listed below:

Category/Unit	2020	2021	2022	2023
Total energy consumption (GJ)	179,850	221,696	200,334	197,011
Capacity of production (T)	47,299	48,016	38,177	36,959
Energy intensity (GJ/T)	3.8	4.6	5.2	5.3

Due to the development of several high-value products and a decrease in industrial demand in 2023, the capacity of production decreased compared to previous years, resulting in increased energy consumption per ton. In the future, the company will continue to improve and enhance energy production efficiency to ensure the effective utilization of limited resources in daily operations. This includes measures such as replacing coal-fired boilers and discontinuing the use of fuel oil.

Water Resource Management
For the wastewater generated from daily operational activities, the company conducts wastewater discharge operations in accordance with legal regulations. Process wastewater and domestic sewage generated within the plant are treated first by the on-site wastewater treatment plant before being discharged to the industrial park wastewater treatment plant. The quality of discharged water meets the standards for wastewater discharge, and in recent years, there have been no incidents of exceeding the discharge standards or sewage leaks. In 2022, efforts were made to recycle water used in public facilities and processes. In 2023, plans include the recovery of steam condensate water, water conservation, and reduction of wastewater discharge. Additional measures for water recycling will be implemented to minimize the use of tap water as much as possible

Category/Unit	2020	2021	2022	2023
Wastewater discharge volume (m^3)	42,922	43,527	38,669	35,877
Tap water intake volume (m^3)	77,116	104,656	109,944	98,010
Total recycled water volume (m^3) *note1	11,280	19,926	6,970	14,600
Water consumption (m^3)＊Note2	34,194	61,129	71,275	62,133
Ratio of recycled water volume / total water usage	14.8%	19.00%	6.34.%	14.9%

Note 1: The above data is self-measured.　Note 2: Water consumption = Intake volume - Discharge volume

Waste and hazardous substance management

The production process consumes energy and generates waste, which needs to be properly managed to minimize negative impacts. To reduce waste generation, the company is committed to not only waste sorting and recycling but also improving the efficiency of resource utilization and waste reduction in various production processes. For example, by treating process waste liquid, the company has reduced waste output by 60%, thereby increasing productivity and reducing waste generation proportionally. Additionally, for different types of industrial waste, the company has established a "Waste Management Procedure." According to the "Process Flowchart," relevant information such as types and quantities of raw materials used in various processes, product output, and types and amounts of waste generated are documented and uploaded to the environmental management system. Furthermore, we fill out the "Industrial Waste Clearance Plan" and submit it to the Environmental Protection Department for review. Once approved, the company implements the plan accordingly, ensuring that environmental and local community impacts are minimized as much as possible throughout the process.

General Industrial Waste：Includes scrap iron, waste lubricating oil, waste resin, waste plastic, household garbage, as well as sludge generated during wastewater treatment processes. (Unit: Metric tons)

Waste Item	2020	2021	2022	2023	Treatment Method
Waste	4,810	4,753	5,096	4,768	Incineration landfill
Scrap iron bucket	391	559	237	293	Recycling process
Total	5,201	5,312	5,333	5,061	

Hazardous Waste：Mainly consists of waste solvents containing acetone, toluene, and other components, which cannot be recycled or reused by our factory after process use. (Unit: Metric tons)

Waste Item	2020	2021	2022	2023	Treatment Method
Waste Item	138	18	30	83	Incineration landfill
Waste	254	133	244	245	Recycling process
Scrap iron bucket	392	151	274	328	

9. Greenhouse gas inventory and assurance

At present, the company does not have a third-party certification entity conducting carbon inventory assurance. Currently the company conducts independent inventories and calculations in accordance with ISO 14064 standards and refer to regulations and rules of the Ministry of Environment. This practice is in compliance with the Financial Supervisory Commission's requirements and is ahead of schedule. The company plans to cooperate with international certification agencies starting from the year 2025 to obtain relevant certifications such as ISO 14064 and ISO 14067 for net zero carbon emissions.

2. Recent Two-Year Greenhouse Gas Inventory and Assurance Status of the Company

(1) Greenhouse gas inventory information

Describe the emissions of greenhouse gases in the company over the past two years (in metric tons of CO2e), intensity (in metric tons of CO2e per million dollars), and the scope of data coverage.

	Year 2022	Year 2023
Emissions (metric tons CO2e)	16,649	14,492
Intensity (metric tons CO2e/ million dollars)	4.44	4.73

As the greenhouse gas emissions of the company are below the regulatory threshold of 25,000 metric tons CO2e/year equivalent, and the rated capital does not reach the level of a listed company with a capitalization of less than NT$5 billion, the current scope of greenhouse gas inventory covers the Yong An Plant in Kaohsiung.

(2) Greenhouse gas assurance information

Provide an explanation of the assurance status for the most recent two years up to the date of the annual report printing, including the scope of assurance, assurance provider, assurance standards, and assurance opinions.

At present, the company does not have third-party certification units to confirm carbon inventory.

3. Greenhouse gas reduction target, strategy and specific action plan

Describe the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and the status of achieving reduction targets.

The baseline year for greenhouse gas reduction is set at 2022, with emissions totaling 16,649 metric tons CO2e. The target is to reduce this total by 10%. In 2023, the change from a "heavy oil burner" to a "natural gas burner" for steam boilers resulted in a reduction of 2,321 metric tons CO2e, approximately 13.9% of the total emissions.

3.4.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				No
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		1. The company established the "Code of Ethics" on May 18, 2012, and the most recent revision was approved by the Board of Directors on August 9, 2023. In addition to the policies and practices of ethical business conduct outlined in the aforementioned regulations, all 9 members of the board and 23 management persons have signed an integrity operation policy and code of ethical conduct declaration, with a signing rate of 100% to abide by the ethical business conduct policy, actively implementing the commitments of the business policy. The company also discloses the "Code of Ethics" on its website and on the MOPS	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		2.The company has established a "Code of Ethics" that explicitly prohibits the acceptance of any gifts, special treatment, or other improper benefits directly or indirectly. Through the establishment of principles and systems, we effectively prevent the possibility of dishonest behavior and reduce risks. We also have a "Grievance System" to encourage both internal and external personnel to report any misconduct and ensure the legal rights of Grievance and related parties.	
(3) Does the company clearly set out the operating procedures behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		3.Persons who violate ethical integrity will be subject to disciplinary measures according to the company's reward and punishment system. The company has established a " Grievance System," and the audit department is responsible for establishing internal and external reporting channels and handling procedures, reviewing and tracking the latest legal regulations at all times, to thoroughly implement. There were no reports of breaches of ethical business received in the fiscal year 2023.	
2. Ethical Management Practice				No
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		1. Before engaging in any business activities, the company conducts customer due diligence and supplier evaluations to avoid trading with dishonest companies.	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		2.The company's Financial Department is responsible for formulating and supervising the implementation of corporate integrity management policies and prevention programs. They report to the board of directors annually, and the integrity management execution for the year 2023 was reported on November 9, 2023. The execution status has been disclosed on the company's website.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		3. Regarding the conflict of interest, employees can report to their immediate department supervisor or directly to their unit supervisor.	
(4) Does the company have effective accounting and i nternal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		4.The company has established effective accounting and internal control systems, and the internal audit unit regularly checks the compliance with the aforementioned systems.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		5.The company promotes and educates employees on the company's integrity management philosophy and regulations through department meetings, seminars, and other means of communication, 56 hours in total.	
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing	V		1.The company provides channels and regulations	No

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V V		for making relevant statements, and designates appropriate personnel to handle reported cases. 2. All documents and information related to the reported cases are treated as confidential by the company, and those involved in the handling process are responsible for maintaining complete confidentiality. 3.The company is responsible for keeping the identity of Grievance confidential and will not take any disciplinary action against them for reporting.	
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		"Code of Conduct for Business Integrity" is disclosed on the website.	No
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: No				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): 1. The company adheres to the business philosophy of "integrity, professionalism, and sustainable management," and strictly comply with relevant laws and regulations such as the Company Act, Securities and Exchange Act, and Commercial Accounting Act to fulfill the basic premise of operating with integrity. 2.The company has established the "Procedure for Handling Important Internal Information" to clearly state that our directors, supervisors, managers, and employees are prohibited from inquiring or collecting non-work-related undisclosed internal information from individuals who have knowledge of important internal information of the company. They are also prohibited from disclosing any undisclosed internal information that they become aware of through their work to others who are not authorized to know.				

3.4.8 The corporate governance rules and related regulations are disclosed on website www.qualipoly.com.tw

3.4.9 Other information of the Company's corporate governance operations: please refer on www.qualipoly.com.tw or www.mops.tse.com.tw

3.4.10 The implementation status of the internal control system.

1. Statement of internal control

Qualpoly Chemical Corp.
Statement of Internal Control System

Date：Mar.08, 2024

The company hereby declare the following based on the results of our self-evaluation of the internal control system established for year 2023:

1. The company acknowledges that it is the responsibility of the board of directors and management to establish, implement, and maintain the internal control system, and the company has established this system. The purpose is to provide reasonable assurance for achieving the goals of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable reporting, timely, transparent, and compliance with relevant regulations and laws.
2. The internal control system has inherent limitations and no matter how well designed, can only provide reasonable assurance for achieving the above three goals. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the company's internal control system has a mechanism for self-monitoring and corrective action is taken once a deficiency is identified.
3. The company evaluates the effectiveness of the internal control system based on the judgment items specified in the "Guidelines for Publicly Listed Companies to Establish Internal Control Systems" (hereinafter referred to as the "Guidelines"). The judgment items adopted in the "Guidelines" divide the internal control system into five components: 1. Control environment, 2. Risk assessment, 3. Control procedures, 4. Information and communication and 5. Monitoring activities. Each component also includes several items. Please refer to the provisions of the "Guidelines" for the above items.
4. The company has adopted the above judgment items for the internal control system and evaluated the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the previous item, the company believes that the internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, for understanding the degree of achieving operational effectiveness and efficiency goals, reporting is reliable, timely, transparent, and compliance with relevant regulations and laws, the design and implementation of the internal control system are effective and can reasonably ensure the achievement of the above goals.
6. The statement will become the main content of the company's annual report and public disclosure statement, and will be made public. If the disclosed content contains false or concealed illegal matters, it will involve legal responsibilities such as Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The statement was approved by the company's board of directors on March 8, 2024. Among the 9 directors in attendance, 0 opposed, and the rest agreed to the content of this statement.

Qualipoly Chemical Corp.

Chairman：Tsai Yeou Liang

General manager：Wang Hai Chen

2. Commissioned accountants review the internal control system. No report should be disclosed.

3.4.11 In recent years and up to the date of the Annual Report, if the Company and its employees have been punished by law, or if the employees has punished for violating internal control regulations, and the punishment result may have a significant impact on shareholder equity or securities prices, the details of the punishment, the main deficiencies, and the improvement situation should be disclosed. No case is available.

3.4.12 Important resolutions made by the shareholders' meeting and the Board of Directors during the current and previous fiscal year up to the date of the annual report printing.

1. Resolutions and Implementation Status of Resolutions in Shareholders' Meeting

Date	Resolutions Matters	Implementation Status of Resolutions
Jun.08, 2023 (Regular meeting)	1.Approve the business report and financial statements of the Company for the year 2022	1.Relevant documents have been submitted to the competent authority for inspection and public disclosure in accordance with relevant laws and regulations such as the Company Act.
	2. Approve the profit distribution of the Company for the year 2022	2.The cash dividend of NT$1.9 per share has been distributed as proposed. The cash dividend was paid on July 11, 2023.
	3.Election of the 18th board of directors.	3. In accordance with the Articles of Incorporation, candidates were nominated for the election, and 9 directors (including 3 independent directors) were appointed. The appointed directors are Mr. Tsai Yeou Liang, Mr. Wang Hai Cheng, Ms. Chiu Nu Chu, Mr. Gao Hong Rong, Chao Jian Investment Corporation Limited and Hong Ren Investment Corporation Limited; the independent directors are Mr. Chung Feng Yuan, Mr. Huang Jin Song, and Mr. He Hong En. Mr. Tsai Yeou Liang was elected as the Chairman by the resolution of the Board of Directors on June 8, 2023, and the change registration was completed on June 26, 2023 (as per Letter No. 11230114700 from the Company Register) and announced on the MOPS.
	4.Passed the resolution to lift the restriction on the newly appointed directors' non-compete agreements.	4. Passed the resolution to lift the restriction on the non-compete agreements of Director Chung Feng Yuan and He Hong En.

2. Important Resolutions of the Board of Directors

Session	Date	Important Resolutions	Results
The 13th meeting of the 17th board of directors	Feb.03, 2023	Signed the sales contract with IGM GROUP B.V.	All directors present unanimously passed the resolutions
The 14th meeting of the 17th board of directors	Mar.09, 2023	1. 2022 Employee Remuneration and Director Remuneration Proposal 2. Proposal for the Director Remuneration and Employee Remuneration for the year 2022 3. 2022 Annual Business Report and Financial Statements 4. Profit Distribution for the year 2022 5. Appointment of singing accountants and Assessment of their Independence and Competence, and Proposal of their Remuneration 6. Proposal for the 2023 Annual Shareholders' Meeting, Shareholders' Proposal Rights, and Director Nomination, among other matters 7. Comprehensive Election of Directors 8. Nominating Candidates for the 18th Board of Directors (including Independent Directors) of the Company 9. Lift Restriction for Newly Appointed Directors 10. 2023 Annual Budget 11. 2022 Internal Control System Statement 12. 2023 Bank Credit Loan Limit 13. Increase the Company's Credit Loan Limit 14. Revise Certain Articles of the Company's Corporate Governance Practices 15. Revise Certain Articles of Rules of Procedure for Board of Directors Meetings.	1. All directors present unanimously passed the resolutions 2.All directors present unanimously passed the resolutions 3. All directors present unanimously passed the resolutions 4. All directors present unanimously passed the resolutions & distribute cash dividend NT$1.9 5. All directors present unanimously passed the resolutions 6. All directors present unanimously passed the resolutions; Schedule to hold shareholder's meeting on Jun.08, 2023, and the period for accepting proposals is from March 31st to April 11th, 2023 7. All directors present unanimously passed the resolutions 8. All directors present unanimously passed the resolutions 9. All directors present unanimously passed the resolutions 10. All directors present unanimously passed the resolutions 11. All directors present unanimously passed the resolutions 12. All directors present unanimously passed the resolutions 13. All directors present unanimously passed the resolutions 14. All directors present unanimously passed the resolutions 15. All directors present unanimously passed the resolutions
The 15th meeting of the 17th board of directors	May.10, 2023	1. Financial statements for the1st quarter of 2023 2.Amendment to certain articles of the "Standard Operating Procedures for Handling Director Requests" of the	1. All directors present unanimously passed the resolutions. 2. All directors present unanimously passed the resolutions.

Session	Date	Important Resolutions	Results
		company	
The 1st meeting of the 18th board of directors	Jun. 8, 2023	1. Election of the new Chairman of the company 2. Appointment of members to the Compensation Committee and Audit Committee, and election of the convenor.	1. Mr. Tsai Yeou Liang was unanimously elected as the Chairman by all attending directors. 2. Upon inquiry by the chairman and with no objections from all attending directors, Mr. Chung Feng Yuan, an independent director, was elected as the convenor of the Compensation Committee and Audit Committee by the members of each committee.
The 2nd meeting of the 18th board of directors	Aug. 9, 2023	1. Financial statements for the 2nd quarter of 2023 2. Compensation for independent directorsofthe company. 3. Amendment to certain articles of the "Code of Ethics" of the company 4. Amendment to certain articles of the "Material Information Handling Procedures" of the company	1. All directors present unanimously passed the resolutions. 2. All directors present unanimously passed the resolutions. 3. All directors present unanimously passed the resolutions. 4. All directors present unanimously passed the resolutions
The 3rd meeting of the 18th board of directors	Nov. 9, 2023	1. Financial statements for the 3rd quarter of 2023 2. Deliberation of the year-end bonus for the company's managerial officers 3.Budget additoin for the Construction of Annan Plant. 4. Increase in the Company's Credit Loan Quota. 5.Setup dedicated manager and persons of cyber security. 6. Audit Plan for the Company's Fiscal Year 2024. 7. Amendment of Certain Articles of Association of the Company. 8. Proposal to Cease the Application of the "Handling Procedures for Transactions among Related Parties, Specific Companies, and Group Enterprises" and to Introduce the "Financial and Business Operation Regulations between Related Parties" for the Company.	1. All directors present unanimously passed the resolutions 2. All directors present unanimously passed the resolutions. 3. All directors present unanimously passed the resolutions. 4. All directors present unanimously passed the resolutions. 5. All directors present unanimously passed the resolutions 6. All directors present unanimously passed the resolutions 7. All directors present unanimously passed the resolutions 8. All directors present unanimously passed the resolutions
The 4th meeting of the 18th board of directors	Jan. 18, 2024	1. Annual Budget for the Company for the Fiscal Year for 2024.	1. All directors present unanimously passed the resolutions
The 5th meeting of the 18th board of directors	Mar. 8, 2024	1. Proposal for the Employee and Director Compensation for the Fiscal Year 2023. 2. Disbursement of Director and Managerial compensation for the Fiscal Year 2023.	1. All directors present unanimously passed the resolutions 2. All directors present unanimously passed the resolutions 3. All directors present unanimously

Session	Date	Important Resolutions	Results
		3. Business Report and Financial Statements for the Fiscal Year 2023 4. Profit distribution for the Fiscal Year 2023. 5.Appointment of accountants and evaluation of their Independence and Qualifications, along with the Determination of their compensation. 6. Matters related to the Convening of the Shareholders' Annual Meeting and Shareholder Proposal Rights for the Fiscal Year 2024. 7. Declaration of the Company's Internal Control System for the Fiscal Year 2023. 8. Credit Loan Quota from Banks for the Fiscal Year 2024. 9. Change in the R&D Director of the Company.	passed the resolutions 4. All directors present unanimously passed the resolutions, distribution of Cash Dividends NT$1 per share. 5. All directors present unanimously passed the resolutions 6.All directors present unanimously passed the resolutions, proposal to convene the Shareholders' Annual Meeting on May 29, 2024; the acceptance period is from March 22, 2024 to April 1, 2024. 7. All directors present unanimously passed the resolutions 8. All directors present unanimously passed the resolutions 9. All directors present unanimously passed the resolutions

3.4.13 In the recent year and up to the date of printing this annual report, there were no records or written statements from directors or supervisors expressing disagreement with important resolutions passed by the Board of Directors.

3.4.14 In the recent year and up to the date of printing this annual report, there is no dismissals of the chairmans, general manager, accounting director, finance director, internal audit director, corporate governance director, and R&D director.

3.5 Information on the professional fees of the CPAs

Company	Accounts' name	Audit period	Audit fee	Non-audit fee	Total Amount	Remark
PwC Taiwan	Tien Chung Yu	Jan.-Dec., 2023	2,960	966	3,926	Non-audit fee includes 1. Fiscal and tax advances expense: NT$200,000 2. Transfer Pricing Compliance: NT$190,000 3. The public expense for a sustainability report: NT$350,000 4. Welcome Back Investment Application for Taiwanese Entrepreneurs Amendment Request of NT$200,000. 5. Foreign Company Service Public Fee of NT$26,000.
	Yeh Fang Ting	Jan.-Dec., 2023				

3.5.1 No decrease in audit fees for the current year compared to the previous year when changing accounting firms.
3.5.2 No decrease of 10% or more in audit fees compared to the previous year.

3. 6 Information on replacement of certified public accountant: None

3.7 Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise: None.

3.8 Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

3.8.1 Changes in the shareholding of directors, supervisors, managers, and major shareholders.

Unit: shares

Job title	Name	2023		Till to Mar.31, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Tsai Yeou Liang	0	0	0	0
Director	Gao Hong Rong	0	0	0	0
Director and General manager	Wang Hai Cheng	0	0	0	0
Director	Chiu Nu Chu	0	0	0	0
Director	ChaoJian Investment Corporation Limited	0	0	0	0
	Rep：Tsai Chih Hsiang	0	0	0	0
Director	Hong Ren Investment Corporation Limited	0	0	0	0
	Rep：Hsu Po Wei	0	0	0	0
Independent director	Chung Feng Yuan	0	0	0	0
Independent director	Huang Jin Song	34,000	0	(34,000)	0
Independent director	He Hong En	0	0	0	0
Independent director	Weng Cheng Cheng	0	0	0	0
Independent director	Chen Chi Lin	0	0	0	0
Deputy general manager Rep. of corporate director	Tsai Chih Hsiang	0	0	0	0
Deputy General Manager	Guo Hong Ji	0	0	0	0
Deputy General Manager of Sales Dept.	Chen Tai Chang	0	0	0	0
Assistant & R&D Manager	Hsieh Chun Chieh	0	0	0	0
Factory Manager of Yongan Plant	Huang Seng Wen	0	0	0	0
Senior manager of financial Dept.	Ho Yin Tang	(48,000)	0	0	0

Note: On June 8, 2023, the board of directors underwent a comprehensive re-election. Weng Cheng Cheng and Chen Chi Lin completed their terms and resigned. The disclosure of their shareholdings is updated until the month of resignation

3.8.2 Share Trading Information: None

3.8.3 Share pledge Information: None

3.9 Relationship information of the Company's 10 largest shareholders

Mar.31, 2024

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Shares	%	
ChaoJian Investment Corporation Limited	12,530,757	12.53%	Not applicable	Not applicable	Not applicable	Not applicable	Tsai Yeou Liang	Chairman of ChaoJian Investment Corporation Limited	
Rep：Tsai Yiou Liang	3,858,633	3.86%	1,000,530	1.00%	0	0.00%	Tsai I Chen	1st Class	
Tsai Yiou Liang	3,858,633	3.86%	1,000,530	1.00%	0	0.00%	ChaoJian Investment Corporation Limited	Chairman	
							Tsai I Chen	1st Class	
Tsai I Chen	2,819,242	2.82%	0	0.00%	0	0.00%	Tsai Yeou Liang	1st Class	
Wu Lai Cheng	2,350,000	2.35%	90,000	0.00%	0	0.00%	No	No	
Yen Pi Chuan	1,863,383	1.86%	0	0.00%	0	0.00%	No	No	
Yongyou Investment Co., Ltd	1,745,482	1.75%	Not applicable	Not applicable	Not applicable	Not applicable	No	No	
Rep：Huang Yi Hsin	66,211	0.07%	0	0.00%	0	0.00%	No	No	
He Guang Investment Co., Ltd	1,673,833	1.67%	Not applicable	Not applicable	Not applicable	Not applicable	No	No	
Rep：Hsu Yuan Chen	0	0.00%	0	0.00%	0	0.00%	No	No	
Chiu Nu Chu	1,476,300	1.48%	76,234	0.08%	0	0.00%	No	No	
Rong Hao Investment Co., Ltd	1,386,728	1.39%	Not applicable	Not applicable	Not applicable	Not applicable	No	No	
Rep：Tsai Ming Tsung	0	0.00%	0	0.00%	0	0.00%	No	No	
Jian Li Ru	1,367,000	1.37%	303,000	0.30%	0	0.00%	No	No	

3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company.

Mar.31, 2024Unit: share, %

Re-invested businesses	The Company's investment		Directors, Supervisors, Managers directly or indirectly investment controlled by the Company		Total shareholding	
	Shareholding	Shareholding%	Shareholding	Shareholding%	Shareholding	Shareholding%
Qualipoly International Inc.	8,730,000	100	0	0	8,730,000	100
Chao Chien International Inc.	2,169,000	100	0	0	2,169,000	100
Chaoyang International Inc.	0	0	9,805,738	100	9,805,738	100
Qualipoly Technology (Guang Dong) Corp.	0	0	No shareholding as it is a limited company	100	No shareholding as it is a limited company	100
Qualipoly Technology (Kun Shan) Corp.	0	0	No shareholding as it is a limited company	100	No shareholding as it is a limited company	100
Qualipoly Technology (Shang Hai) Corp.	0	0	No shareholding as it is a limited company	100	No shareholding as it is a limited company	100
Dongguan Cho You New Material Co., Ltd	0	0	No shareholding as it is a limited company	100	No shareholding as it is a limited company	100

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Share Capital

1. Type of stock

Mar.31, 2024

Type of stock	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered Common Stock	100,009,159 Shares	19,990,841 shares	120,000,000 shares	Listed stocks

2. Sources of Capital

Mar.31, 2024 Unit：NT$; shares

Month year	Issued prices	Authorized Capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
Aug, 2018	10	120,000,000	1,200,000,000	100,009,159	1,000,091,590	capital increase out of earnings NT$ 47,623,410	No	License No. 10701095770 granted on August 3, 2018
Apr. 2016	30	96,000,000	960,000,000	95,246,818	952,468,180	capital increase out of earnings NT$ 70,000,000	No	License No. 10201039510 granted on Apr.13, 2016

3. Information on the Consolidated Declaration System：No.

4.1.2 Status of Shareholders

Mar.31, 2024Unit：shares；%

Shareholder composition / Quantities	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	4	43	9,757	47	9,481
No. of shares held	0	74,701	23,732,538	73,200,956	3,000,964	100,009,159
Shareholding ratio	0.00	0.07	23.73	73.19	3.00	100
Note: shareholding ratio of Mainland Chinese investors: 0%						

4.1.3 Shareholding Distribution Status

1.Common Stock:

Mar.31, 2024　Unit：shares；%

(每股面額 10 元)

Range of no. of shares held	No. of shareholders	Shareholding (Shares	Shareholding (%)
1~ 999	5,409	267,714	0.27
1,000~ 5,000	3,006	6,261,594	6.26
5,001~ 10,000	604	4,537,345	4.54
10,001~ 15,000	219	2,715,467	2.72
15,001~ 20,000	112	2,026,691	2.03
20,001~ 30,000	137	3,447,864	3.45
30,001~ 40,000	78	2,743,179	2.74
40,001~ 50,000	52	2,362,737	2.36
50,001~ 100,000	100	7,195,144	7.19
100,001~ 200,000	62	8,339,026	8.34
200,001~ 400,000	33	8,921,367	8.92
400,001~ 600,000	13	6,634,315	6.63
600,001~ 800,000	8	5,304,760	5.30
800,001~ 1,000,000	5	4,709,145	4.71
Above 1,000,001	13	34,542,811	34.54
Total	9,851	100,009,159	100

2.Preferred Stock：No

4.1.4 List of Major Shareholders

Mar.31, 2024　Unit：Shares；%

Shares / Name of major shareholders	Shareholding (shares)	Shareholding (%)
ChaoJian Investment Corporation Limited	12,530,757	12.53%
Tsai Yeou Liang	3,858,633	3.86%
Tsai I Chen	2,819,242	2.82%
WuLai Cheng	2,350,000	2.35%
Yen Pi Chuan	1,863,383	1.86%
Yongyou Investment Co., Ltd	1,745,482	1.75%
He Guang Investment Co., Ltd	1,673,833	1.67%
Chiu Nu Chu	1,476,300	1.48%
Rong Hao Investment Co., Ltd	1,386,728	1.39%
Jian Li Ru	1,367,000	1.37%

4.1.5 The Share’s Market Price, Net Worth, Earnings and Dividend Policy for the Past Two Years

Unit: NT$

Item			2022	2023	As of Mar.31, 2024 (Note 8)
Share’s Market Price (Note 1)	Highest		47.90	39.80	40.95
	lowest		31.30	33.40	36.50
	Average		38.26	35.15	38.71
Share’s Net Worth (Note 2)	Before distribution		29.06	28.89	28.64
	After distribution		27.16	27.89	28.64
Earnings per share	Weighted average number of shares		100,009	100,009	-
	Earnings per share (Note 3)		3.15	1.67	-
Dividend per share	Cash dividend		1.9	1.0	-
	Bonus shares	Retained Earnings	-	-	-
		Additional Paid-In Capital	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
Investment return analysis	Price / Earnings ratio (Note 5)		12.15	21.05	-
	Price / Dividend ratio (Note 6)		20.14	35.15	-
	Cash dividend yield rate (Note 7)		0.05	0.03	-

＊If there is a stock dividend issued by increasing capital from retained earnings or capital surplus, the information on the adjusted market price and cash dividends based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of common shares for each year, and calculate the average market price for each year based on the trading value and trading volume for each year.

Note 2: Take the number of shares issued at the end of the year and fill in the column according to the distribution resolution of the Board of Directors or the next year's shareholders' meeting.

Note 3: If there is retrospectively adjust due to Bonus shares, the earnings per share before and after adjustment should be listed.

Note 4: If there are provisions in the conditions of equity securities issuance that any undistributed dividends in the current year will be accumulated and paid out in a year with profits, the accumulated unpaid dividends up to the current year should be disclosed separately.

Note 5: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 6: P/D ratio = Average closing price per share for the year / Cash dividend per share.

Note 7: Cash dividend yield rate = Cash dividend per share / Average closing price per share for the year.

Note8: Share’s net worth and earnings per share should be filled with the data reviewed by the accountant in the most recent quarter up to the date of printing of the annual report. The remaining fields should be filled with data from the current year up to the date of printing of the annual report.

Note 9: The profit distribution for 2023 has been approved by the board of directors meeting on Mar.08, 2024

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy

If the Company makes a profit before tax in the year, 1% to 1.5% shall be allocated for employee remuneration, which will be distributed in stock or cash based on the decision of the Board of Directors. No more than 3% of the profit shall be allocated for director remuneration. The remuneration for employee and directors shall be reported to the shareholders' meeting.

However, when the Company has accumulated losses, it should reserve the amount to make up the losses first, and then allocate employee remuneration and director remuneration according to the above ratio.

If the Company has profits in its annual financial year, it shall pay taxes in accordance with the law, make up for accumulated losses, then allocate 10% as legal reserve. However, if the legal reserve has reached the Company's paid-in capital, it may not be allocated anymore. The remaining amount shall be allocated special reserve according to the laws and regulations or distributed together with accumulated unappropriated earnings. The Board of Directors shall propose a profit distribution plan for the remaining amount and submit the bonus dividend determined by shareholders' meeting.

The dividend policy is formulated based on the consideration of the industry environment, financial planning and the sustainable and stable development of the Company, as well as ensuring the maximum shareholders' equity. The policy is proposed as follows:

(1) Conditions and timing for distributing dividends:

Currently, the Company is stable and in order to support the growth of the business, the dividend distribution is based on satisfaction of future operational development. After considering a sound financial structure, stable dividends, and reasonable returns for shareholders, the Board of Directors will propose a retained earnings plan in accordance with the Company's articles. The plan will be distributed after approval of the shareholders' meeting and authorities.

(2) Distribution ratio of cash dividends and stock dividends:

Shareholder dividends are distributed through cash dividends and stock dividends. The proportion of cash dividends is more than 20% of the total shareholder dividends. However, if the cash dividend per share is less than NT$0.5 (inclusive), it may be distributed in the form of stock dividends instead.

The actual distribution ratio will be determined by the Board of Directors based on the Company's financial situation and capital budget.

(3) The Company authorizes the Board of Directors to distribute dividends, capital surplus, or legal reserve surplus in whole or in part by means of cash payment subject to the passing of a resolution by at least 2/3 the directors present and a majority of the attending directors, and to report to the shareholders' meeting.

2. The implementation is follows:

The board of directors meeting passes on Mar.08, 2024 to issue cash dividend of NT$1.0 per common stock, amounting to NT$100,009,159

4.1.7 The proposed bonus stock distribution will not have any impact on the Company's business performance or earnings per share.

4.1.8 Employee’s and director’s remuneration

1.Percentage or range of employee and director remuneration by company's articles:

As company's articles of Incorporation, if the Company makes a profit before tax in the year, 1% to 1.5% shall be allocated for employee remuneration, which will be distributed in stock or cash by decision of the Board of Directors. The Board of Directors may also decide to allocate up to 3% of the profit as director remuneration. The remuneration to employee and director should be reported to the shareholders’ meeting.

2.Basis for estimating the amount of employee and director remuneration, basis for employee remuneration distributed in stocks, and accounting treatment for any differences between the estimated amount and the actual distribution amount:

(1) Employee remuneration is estimated to be 1% to 1.5%.

(2) Director remuneration is not more than 3%

(3) If there is any difference between the actual distribution and the estimation, it will be treated as an estimate change and adjusted in the next fiscal year's income statement.

3. The approved remuneration distribution by the Board of Directors:

(1) The amount of employee and director remuneration distributed in cash or stocks. If there is any difference between the estimated and the actual amount, the difference, reason, and solution should be disclosed

The remuneration to employee and director was approved by the Board of Directors on March 8, 2024

a.Employeeremuneration：NT$2,812,000

b.Remuneration to director：NT$5,625,000

c. There is no difference between the number of shares distributed for employee remuneration and remuneration to director and the estimated amount.

(2) The proportion of employee remuneration distributed in stocks and its ratio to the after-tax net profit of the individual or separate financial statements and the total amount of employee remuneration: As the Company adopts cash dividends, this is not applicable.

4.Actual distribution of employee and director remuneration in the previous year (including the number of shares, amount and share price) and any differences from the recognized employee and director remuneration should be explained the difference amount, reason, and solution:

(1) Employee and director remuneration distribution are approved by the Board of Directors on March 9, 2023:

a. Employee remuneration: NT$5,312,500.

b. Director remuneration: NT$10,625,480.

(2) No difference between the distribution and estimated amount of employee director remuneration.

4.1.9 Buyback of Treasury Stock: None

4.2 Corporate Bonds: None

4.3 Preferred Shares: None

4.4 Overseas Depositary Receipts: None

4.5 Employee Stock Options

Mar.31, 2024

Type of employee share subscription warrants	The 1st of employee share subscription warrants
Effective registration date and total number of units	Dec. 24, 2021 3,000 units (3,000,000 shares)
Issue (handling) date	Dec.21, 2022
Number of units issued	3,000 units (3,000,000 shares)
Number of units still available for issuance	0 share
Ratio of the number of issued subscribable shares to the total number of issued shares	3.0%
Duration	4 years
Exercise method	Issue new shares
Vesting period and percentage (%)	Expires 2 years 100%
Number of shares subscribed through exercise of warrants	0 share
Amount of the shares subscribed through exercise of the warrants (NT$)	NT$ 0
Number of unexercised shares	2,940,000 shares
Subscription price per share of the unexercised shares	32.2
Ratio of the number of unexercised shares to the total number of issued shares (%)	2.93973%
The effect on shareholders' equity	The company's stock option holders may exercise their stock options certificates according to the schedule specified in the regulations only after two years from the issuance of the employee stock option. The number of shares subscribed to shall not exceed 3% of the total issued shares and shall not have any material impact on the shareholders' equity.

Note: Cumulative expired subscription quantity (shares): 60,000 shares

4.6 Status of Employee Restricted Stock: None

4.7 Top ten managers who obtained employee stock options certificates and their respective subscription quantities

	Title	Name	Number of shares subscribable from exercise of warrants granted	Ratio of the Number of shares subscribable from exercise of warrants granted to the total number of issued shares	Exercised				Unexercised			
					Number of shares	Exercise price	Total exercise price	Ratio of the number of exercised shares to the total number of issued shares	Number of shares	Exercise price	Total exercise price	Ratio of the number of unexercised shares to the total number of issued shares
Manager	Deputy General Manger	Tsai Chih Hsiang	600,000	0.60%	0	0	0	NA	600,000	32.20	19,320,000	0.60%
	Deputy General Manager of District	Chen Tai Chang										
	Financial Senior Manager	He Yin Tang										
	Assaitant and R&D manager	Hsieh Chun Chieh										
	Factory manager	Huang Seng Wen										
Employee	Senior Manager	Chen Fu Lin	1,330,000	1.33%	0	0	0	NA	1,330,000	32.20	42,826,000	1.33%
	Manager	Huang Xin Sheng										
	Manager	Chao Yao Hsin										
	Manager of District	Wu Kuo Chen										
	Project manager	Tang Yu Songe										
	Senior Manager	Liu Yi You										
	Sales Manager	Chang Yan Xiang										
	Manager	Luo Jian Xun										
	Manager	Ma Cheng Zhi										
	R&D Manager	Wang Xiu Fan										
	Manager	Chen Yi Ming										
	Deputy Manager	Guo Bai Qing										
	Deputy Manager	Wang Ci Yuan										

4.8 Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares:

4.9 Financing Plans and Implementation

The Company has no outstanding issued securities or has been completed but the profit has not yet been realized within the past 3 years.

V. Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

1. Major Business:
   a. Manufacturing, processing, and sales of various industrial synthetic resins and other related chemical materials.
   b. Import and export of various industrial synthetic resins.
   c. Buying/selling and import/export of various raw materials for artificial resins.

2. Ratio of Business
   Ratio of major products in 2023

Description	single %	Consolidated %
UV Curable Resins	59	55
Unsaturated polyester resins	24	23
Coating resins	7	13
Electronic Chemical Materials	7	6
Others	3	3
Total	100	100

3.Current major products:
   a. Unsaturated polyester resins
   b. UV Curable Resins monomers and oligomer
   c. Coating resins
   d. Acrylic emulsion resins
   e. Amino resins
   f. PU resins
   g. Foundry resins

4. Planned scope of development
   a. Low yellowing, low VOC resin for coating
   b. Environmentally friendly next-generation process UV curable monomers.
   c. High-gloss and processable UV curable materials for metal can coatings.
   d. UV curable materials for 3D printing
   e. Applied materials for display.
   f. Low carbon emission materials.
   g. Resins for 5G applications
   h. Resins for SMA applications.
   i. Water-based resins for industrial additives.

5.1.2 Industry Overview

5.1.2.1. Industry Status

Synthetic resin is an artificially synthesized polymer that is one of the most widely produced, the largest output, and the most widely used products in the petrochemical industry. It has widely applied from high-precision industries such as semiconductors, display materials, and medical materials to daily necessities such as paints, building materials, buttons, and so on. Taiwan’s petrochemical industry is well-developed, and major petrochemical products such as monomers, solvents, industrial chemicals, and specialty chemicals can be produced. Easy to get raw material domestically and competitive prices create a favorable environment for the development of the synthetic resin industry.

In the past few decades, due to cost and market, numbers of Taiwan’s mid- to downstream industries have moved to China and Southeast Asia which results that synthetic resin industry produced synthetic resin is mainly exported and the domestic market in Taiwan continues to shrink. It wasn’t until recent years, with the US-China trade war and changes in the regional economic landscape, there are signs of a rebound in domestic market demand.

In recent years, the global supply chain has undergone significant changes during the epidemic. Taiwan’s chemical product export has performed well due epidemic was controlled well in Taiwan and complete upstream raw material production lines domestically. However, in the post-epidemic era, the global economy has undergone dramatic changes, not only ongoing war between Russia and Ukraine but also the Middle East, situated at a crucial juncture between Asia and Europe, has also outbreak of conflicts between Israel and Palestine. Under the influence of many uncertainties, the global economic is being severely tested, giving way to regional economic patterns and localized production in short supply chains.

Our main product, UV curable materials, has a clear growth trend in market demand due whole world focus on environmental protection, green energy, energy saving and carbon reduction. In the past, the supply chain was mainly concentrated in China and the Asia-Pacific region. However, with the uncertainty by the US-China trade war and China's industrial policies, the supply chain reshuffling has become apparent. We are in the "non-China supply chain" which gives us a significant advantage in exporting to Europe and the United States. Furthermore, the company has cultivated the European and American markets for many years. Both QualiCure™ brand and product quality have earned the trust of customers. In comparison, we still maintain certain advantages over the Chinese supply chain.On the other hand, the performance of traditional resin products has been lackluster due to the impact of the global economy and regional economic models. Additionally, with competitors engaging in localized production and benefiting from tariff advantages such as RCEP and CPTPP, the business performance in industrial resins is expected to continue facing challenges.

Since the second half of 2022, a global economic depression has led to a rapid decline in end-demand, resulting in full inventories across various industries from top to bottom. The challenge for businesses in 2023 has been to clear high-cost inventory. As Federal Reserve and the Central Banks of each country, gradually suppressed runaway inflation through interest rate hikes, the global economy began to emerge from the trough around mid-2023, and inventory levels across industries returned to normal. Although consumer confidence has yet to fully recover, it is expected that starting in 2024, global economic and industry demand will gradually return to previous levels.

Regarding the company's performance, we hold a cautiously optimistic view. In the face of headwinds in the traditional resin industry, the company's R&D will play a crucial role, actively pursuing new technologies and Blue Ocean to accelerate the realization of strategic goals for product transformation

(1) Unsaturated polyester resins

Unsaturated polyester resin is one of the main raw materials for basic industries, and is mainly used in composite materials (FRP, SMC, BMC), injection molding, artificial marble, buttons, and coatings. The market demand is closely related to the overall economic development. In recent years, the economic development of Southeast Asia and Central Asia has driven the market demand of such resins.

Due it is not easy to store unsaturated polyester resin, this type of resin is more regionalized and has advantages in production management for local or regional manufacturers. Therefore, in recent years, there have been many new production capacities in Southeast Asian to cope with the increasing market demand. In addition, since general unsaturated polyester resin has a large market volume, its profitability performance is usually highly correlated with the main raw material market. Since the oil price has fallen from its peak, the profitability of the unsaturated polyester resin has been able to maintain a certain level.

The company has been deeply cultivating the market in this product category for a long time. Currently, we focus on the Asia-Pacific region (APAC). In addition to the Southeast Asian market, Australia and Japan are also the main export markets. We have first-class competitive strength in terms of product quality, technics, brand reputation, and customer service

(2) UV Curable Materials

As the name suggests, UV curable materials have the characteristic of curing and forming when exposed to UV light, therefore are regarded as one of the green energy-saving materials. In recent years, due to the rise of environmental awareness in the world, each country has increasingly strict regulations on VOC emissions, and the development of UV-curing materials in various applications has grown year by year. In addition, more and more manufacturers invest in the development of new materials, the market has significant progress in terms of cost and application.

These types of materials have 5 major application markets: various printing inks, wood coatings, industrial coatings, and electronic materials. The current total market demand is approximately 600,000 tons/year (2017), with a five-year annual growth rate about 7.4% (CAGR, 2017~2022). The Asia-Pacific market (including China) has the largest share and the highest growth, followed by Europe and the Americas.

On the supply side, Japanese and European manufacturers have developed early in this field and are important benchmarks for this industry. Japanese manufactures mainly supply the high-end industrial coatings and electronic materials and European manufacturers dominate the ink and wood coatings markets. Korean and Chinese manufacturers have been catching up in recent years and have gradually occupied a position in major markets.

We have more than 20 years of experience in developing UV curable materials, and has gained recognition from customers worldwide in terms of technics and quality service. Currently, we market our products under the brand of Qualicure^{TM} brand over 40 countries around the world, with an average market share in major markets around the world (APAC, EMEA, America), and have the foundation for long-term development.

Due to the continuous growth of UV curable materials, we launched a new factory last year and established a new production base for UV curable materials in Tainan Technology Industrial Park. We will introduce the latest production technology and equipment and expect effectively improving production efficiency. The new Tainan factory is expected to start production in the beginning of 2025, and the total production capacity of UV curable materials will increase to 50,000 tons in the future.

(3) Coatings and other industrial resins

There are various types of traditional solvent-based coating resins, including alkyd resins, polyester resins, acrylic resins, epoxy resins, and amino resins. The applications range from low-end self-drying wall paint and wood paint, to mid-range industrial metal and plastic coating, to high-end automotive paint and anti-corrosion paint, it has significant market value in total. According to a professional market research report by Marketsand Markets, the global value of coating resins is expected to reach USD 38 billion by 2020, with a compound annual growth rate (CAGR) of 5.61% from 2015 to 2020.

The low and middle end paint resins are one of the basic materials in the civilian industry, with a large quantity but low technics. Profits are greatly affected by fluctuations in raw material costs, so the market supply and demand are mainly regional. High-end coatings prioritize its characteristics, with better profits but are difficult to integrate into customer’s existing supply chains. The testing period of product is also longer, hence the companies with brand awareness and abundant resources are relatively more advantageous

We have primarily focused on producing low and mid-end coatings and resins, and has a significant market share and brand recognition in Southeast Asia and Australia. Recently, our R&D gradually focus on producing high-end industrial coatings and environmentally-friendly resins, aiming to enhance the overall commercial value of our product portfolio.

(4) Electronic Chemical Materials

Electronic chemical materials refer to the chemical materials required for use in electronic-related products including a wide range of materials, from basic printed circuit boards requiring circuit substrates, resins, inks, photoresists, etchants, and so on, to intermediate-level display materials such as various types of film coatings, RGB photoresists, liquid crystal modules, PI film-related chemicals, and so on, to high-end semiconductor materials requiring various specialty chemicals, cleaning solutions, polishing fluids, packaging resins, and more. The applicability is quite extensive. According to a market report issued by Research Nester in 2022, the global market value of specialty chemicals for semiconductors (excluding display materials) was estimated to reach nearly $60 billion in that year, with a compound annual growth rate of 6.8% over the next decade.

Taiwan holds a critical position in the semiconductor industry. Over the past few decades, through government planning and the efforts of various related enterprises, it has developed a complete industry chain. In recent years, especially in the field of advanced semiconductor manufacturing processes, Taiwan's technology has been leading the world, making it a shining example. Particularly since 2022, with the booming development of the IoT industry, high-speed computing, and AI technology, it can be expected that the compound annual growth rate of this industry will continue to rise.

Compared to Taiwan's leading position in the electronics industry worldwide, the related electronic chemical materials are still in the early stages. Currently, the main supply sources still come from chemical giants in Japan and the United States. In recent years, Taiwan has gradually introduced companies like Chang Chun Group, LCY CHEMICAL CORP., and San Fu Chemical Co., Ltd into the mid-to-high-end application fields. The main reason is that in the application of the electronics industry, there are high requirements for various specifications of chemicals, and there are also high demands for supply chain management systems. This poses a significant challenge to Taiwan's chemical industry, which has traditionally focused on consumer goods

Feeling the trends in Taiwan's electronics industry, the company set the goal of product transformation in early 2011. The company actively collaborated with major Japanese electronic chemical materials manufacturers to OEM produce key resins in display materials and used this opportunity to establish production lines and inspection technologies that meet industry standards. After years of collaboration and effort, the projects and production volumes have gradually increased, and the company has become one of the most important overseas partners of this Japanese giant. In addition to display materials, the collaboration with Japan's JSR Corporation on 5G high-frequency resin began in 2022. The product has been certified by the majority of customers, and the company will begin gradual volume production this year

5.1.2.2 Trend of future development

(1) Unsaturated polyester resins

a. Overall market demand is expected to continue growing. The industrialization and economic development in emerging countries in Southeast Asia will drive the increasing demand for unsaturated polyester resin. US-China trade war and the shift of global manufacturing centers will boost the demand for unsaturated polyester resin in emerging markets.

b. The demand of high-performance and high value-added unsaturated polyester resins will grow rapidly. The demand of high-performance FRP composite materials and high-end applications, such as the lightweight construction for light rail transit, ships and vehicles, wind power blades, etc., has driven the development of unsaturated polyester resins towards low viscosity, low exothermic peak, high strength, high fatigue resistance, and high flame retardancy. The lightweight construction also drives the development of low-density, injection-grade SMC/BMC resins. In addition, high-performance unsaturated polyester resins will be chosen for non-excavation tank repair, double-walled underground oil storage tanks, ground gas storage stations, offshore oil drilling platforms, container panels, high-speed law enforcement boats, patrol boats, fishing boats, offshore wind power, and desalination of seawater, etc.

c. The demand for environmentally friendly resins will gradually increase. Low VOC emissions have gradually become a universal standard, and environmentally friendly unsaturated polyester resins with low or no styrene (SM) emissions can match with general resins now. If the cost can be gradually improved in the future, it will contribute to the overall development of related industries.

d.Recyclable thermoplastic composite materials are also a key focus of the industry's ongoing attention. With the trend toward net-zero carbon emissions, an increasing of composite materials are beginning to use recyclable plastics as their raw materials. Recyclable thermoplastic composite materials have already appeared on the market, and it is anticipated that they will significantly enhance the value of composite material applications.

(2) UV curable materials

a. Energy saving and net-zero carbon emissions are global issues of concern, and the application of UV curable materials will continue increasing, gradually replacing the market of solvent-based materials. The evolution of water-based UV and dual curable materials has timely addressed the technical bottlenecks of UV light curable materials in specific applications. With the continuous expansion of their applications, it is expected that the annual growth rate will also increase accordingly.

b. On the technological side, more and more new types of monomers and resins are being introduced to the market, which enhances the performance and cost optimization of UV curable materials and promote rapid development of the industry.

c. In recent years, new chemical regulations such as REACH enacted by each country have affected the use of UV curable monomers in formulations, especially for specialty monomers. In the future, industry development will focus on less restricted high polymers.

d. With the booming development of the electronics industry, the demand for UV curable materials such as photoresist, dry film, and photomask, will also increase.

(3) Coating and other industrial resins

a. The market development of traditional solvent-based coatings will continue to grow in emerging countries along with economic growth, but in other countries, it is gradually being replaced by water borne resins and UV curable materials in response to environmental pressures.

b. The localization/domestication of the low & mid end market will be accelerated, and the development of imported manufacturers will be significantly compressed as the improved quality and technology of local manufacturers.

c. Due the trade conflict between China and the United States, emerging countries have gained many benefits from orders and factory transfers. The demand for mid & high-end resin products will also rapidly increase.

d. High solid & low viscosity, low free formaldehyde, and low free monomer environmentally friendly coating resins will gradually become mainstream products in the market.

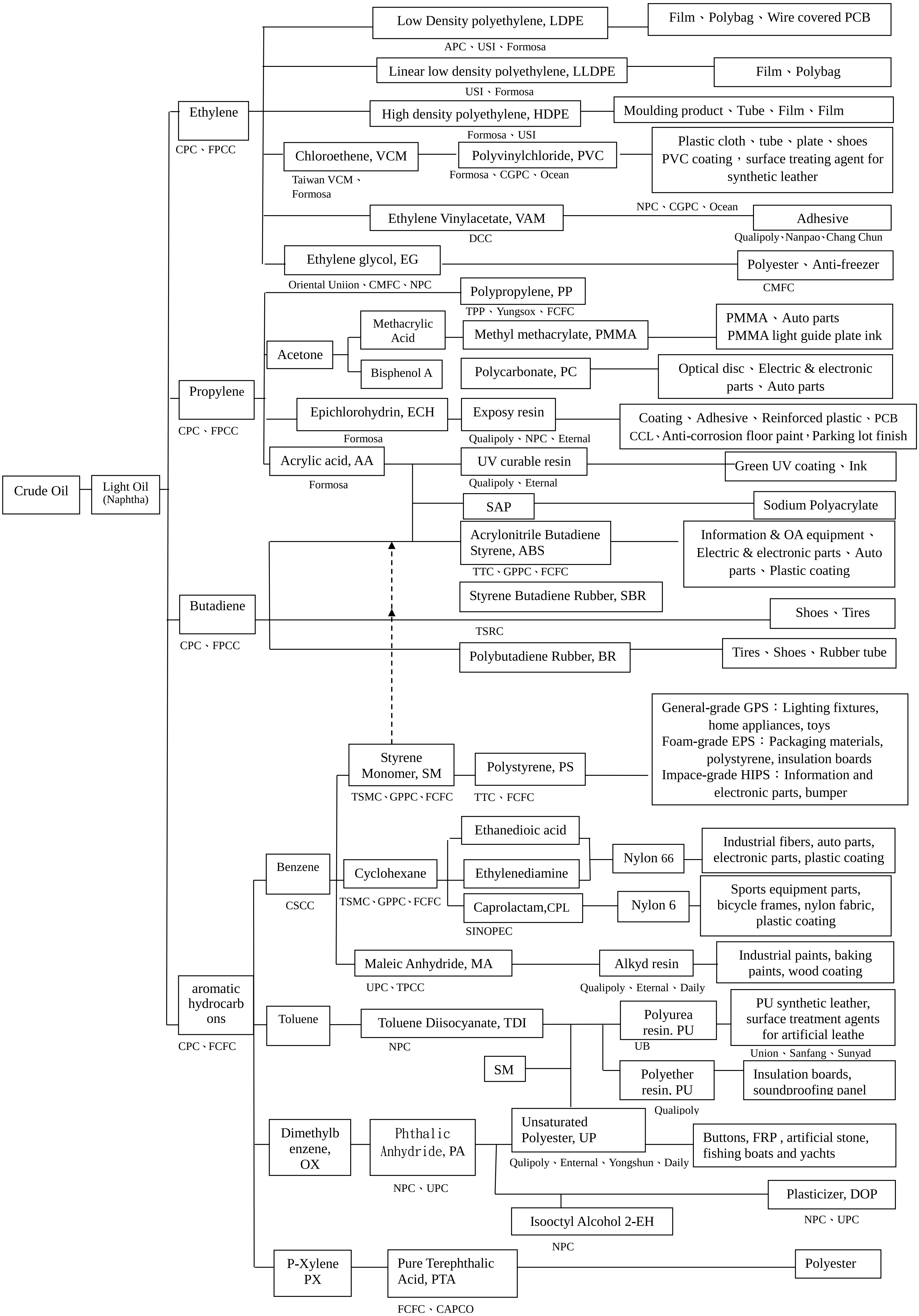
(4) Electronic Chemical Materials

a. TFT-LCD panels are still the mainstream choice in the industry due to their excellent cost-effectiveness. Even with new type like Micro-LED or QLED panels, they still require the display materials supplied by the company. Therefore, it is expected that this sector will continue to grow in the coming years.

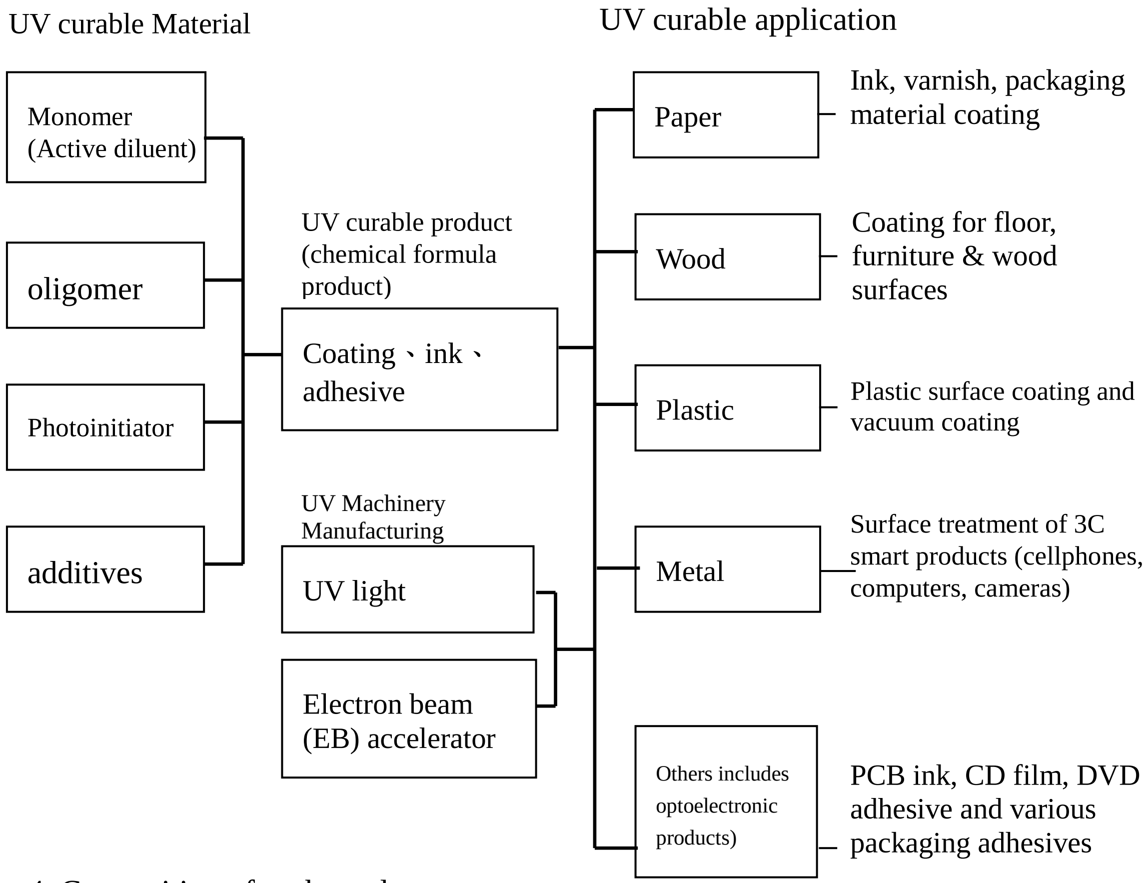
b. With the ongoing rapid development of the IoT industry, the application of high-speed transmission is expected to grow significantly. The company's production of 5G high-frequency resin for printed circuit boards (PCBs) has great growth potential in the future. Currently, market promotion mainly targets motherboard applications, but it will continue to expand to IC carriers and other applications in the future.

5.1.2.3 The relationship between upstream, midstream, and downstream of industry

(1) Synthetic resin products are a midstream industry in the petrochemical industry. The upstream is petroleum refining, natural gas processing, and raw material chemical industry and the downstream is the processing and manufacturing industry. The following diagram shows the relationship between upstream, midstream, and downstream.


Crude Oil
Light Oil (Naphtha)
Ethylene
CPC、FPCC
Low Density polyethylene, LDPE
APC、USI、Formosa
Film、Polybag、Wire covered PCB
Linear low density polyethylene, LLDPE
USI、Formosa
Film、Polybag
High density polyethylene, HDPE
Formosa、USI
Moulding product、Tube、Film、Film
Chloroethene, VCM
Taiwan VCM、Formosa
Polyvinylchloride, PVC
Formosa、CGPC、Ocean
Plastic cloth、tube、plate、shoes PVC coating，surface treating agent for synthetic leather
Ethylene Vinylacetate, VAM
DCC
NPC、CGPC、Ocean
Adhesive
Qualipoly、Nanpao、Chang Chun
Ethylene glycol, EG
Oriental Uniion、CMFC、NPC
Polyester、Anti-freezer
CMFC
Propylene
CPC、FPCC
Polypropylene, PP
TPP、Yungsox、FCFC
Acetone
Methacrylic Acid
Methyl methacrylate, PMMA
PMMA、Auto parts PMMA light guide plate ink
Bisphenol A
Polycarbonate, PC
Optical disc、Electric & electronic parts、Auto parts
Epichlorohydrin, ECH
Formosa
Exposy resin
Qualipoly、NPC、Eternal
Coating、Adhesive、Reinforced plastic、PCB CCL、Anti-corrosion floor paint，Parking lot finish
Acrylic acid, AA
Formosa
UV curable resin
Qualipoly、Eternal
Green UV coating、Ink
SAP
Sodium Polyacrylate
Acrylonitrile Butadiene Styrene, ABS
TTC、GPPC、FCFC
Information & OA equipment、Electric & electronic parts、Auto parts、Plastic coating
Styrene Butadiene Rubber, SBR
Butadiene
CPC、FPCC
Shoes、Tires
TSRC
Polybutadiene Rubber, BR
Tires、Shoes、Rubber tube
aromatic hydrocarb ons
CPC、FCFC
Benzene
CSCC
Styrene Monomer, SM
TSMC、GPPC、FCFC
Polystyrene, PS
TTC、FCFC
General-grade GPS：Lighting fixtures, home appliances, toys
Foam-grade EPS：Packaging materials, polystyrene, insulation boards
Impace-grade HIPS：Information and electronic parts, bumper
Cyclohexane
TSMC、GPPC、FCFC
Ethanedioic acid
Ethylenediamine
Nylon 66
Industrial fibers, auto parts, electronic parts, plastic coating
Caprolactam,CPL
SINOPEC
Nylon 6
Sports equipment parts, bicycle frames, nylon fabric, plastic coating
Maleic Anhydride, MA
UPC、TPCC
Alkyd resin
Qualipoly、Eternal、Daily
Industrial paints, baking paints, wood coating
Toluene
Toluene Diisocyanate, TDI
NPC
Polyurea resin. PU
UB
PU synthetic leather, surface treatment agents for artificial leathe
Union、Sanfang、Sunyad
SM
Polyether resin, PU
Qualipoly
Insulation boards, soundproofing panel
Dimethylb enzene, OX
Phthalic Anhydride, PA
NPC、UPC
Unsaturated Polyester, UP
Qulipoly、Enternal、Yongshun、Daily
Buttons, FRP , artificial stone, fishing boats and yachts
Plasticizer, DOP
NPC、UPC
Isooctyl Alcohol 2-EH
NPC
P-Xylene PX
Pure Terephthalic Acid, PTA
FCFC、CAPCO
Polyester

(2) The UV curable industry can be divided into four major units, which are interdependent and independent, so called "value chain".



4. Competition of each product

We have had 40 years of experience in polymer chemicals, and have been marketing internationally for over 30 years. We have continuously introduced new technologies from Europe and the United States, devoted to research and development of new products, and strengthened the training of our workforce. Therefore, we have always held a significant position in the competitive industry. Although our competitors also produce synthetic resins, there is some overlap, and each manufacturer has its own strengths and develops in different areas. Therefore, our main products are also quite different, as shown in the table below:

Company	Main Products
Qualipoly Chemical Corp.	UV curable material, unsaturated polyester resin, coating resin, PU resin, casting resin, acrylic resin, amino resin, Electronic Chemical Materials
Daily Polymer Corp.	Coating resin, alkyd resin, textile resin, unsaturated polyester resin, liquid crystal materials.
Young Shun Chemical Co., Ltd	Unsaturated polyester resin, polyester polyol resin, FRP products.
Etemal Chemical Co., Ltd	General resin, coating resin, unsaturated polyester resin, photoresist materials and vacuum laminating machine equipment, copper clad laminates, UV curable materials, epoxy resin packaging materials, liquid packaging materials.

5.1.3 Technics and R&D Overview

The R&D expenses and the successful developed technics or products up to the date of printing of the latest annual report.

Unit: NT$ thousand

R&D expense		Successful developed technics or product
2023	Mar.31, 2024	
50,169	13,417	a. SMA related resin series b.5G material related resin c.Low-carbon light-curing monomer d. Flexible 3D printing materials e. Applied materials for display f. Light curable material for metal can g. Water borne resin for industrial additives

5.1.4 Short-term and long-term sales development plan

1. Short-term sales development plan
   (1) Increase the production and sales of UV curable materials, expand the use of special products in the electronics industry, and develop a series of products for ink, inkjet, metal can coat, glass coating and 3D printing.
   (2) Develop and promote Vinyl Ester Resins for use in construction and transportation.
   (3) Promote foreign BMC and SMC resins and low shrinkage agents.
   (4) Promote SMA resins, improve production efficiency and increase production capacity to meet market demand.
   (5) Develop and promote water borne resins for road use.
2. Long-term sales development plan
   (1) Develop other high value synthetic resins, electrochemical resins, and special UV curable materials.
   (2) Develop potential products related to the "energy industry" and look for cross-industry cooperation to increase efficiency.
   (3) Expand overseas production and sales channels, look for technics and production cooperation and continue to enhance international reputation.
   (4) Actively develop resins and coatings related to " concept of environmental protection and carbon reduction " to meet the overall market demand trend.
   (5) Look for technic transfer or OEM and shift towards the development related to the optoelectronics and semiconductor industries.
   (6) Cooperation with a well-known international optoelectronic chemical manufacturer to produce and market 5G electronic materials.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main sales areas

Unit: NT$ thousand

Sales area	2022		2023	
	Amount	%	Amount	%
Taiwan	960,183	23	928,873	27
China	1,013,245	24	808,857	23
Others	2,251,252	53	1,717,063	50
Total	4,224,680	100	3,454,793	100

2.Main competitors and market shares

Main Products	Competitors	Market shares
UV curable materials	Etemal、Allnex、Sartomer、Miwon	2%
Unsaturated polyester resin	Etemal、Nuplex、YongShun、Daily-Polymer	1%

3. Market future supply-demand situation and growth potential

(1) Supply analysis:

a. Due to product characteristics, unsaturated polyester resin belongs to a regional industry. Therefore, with the rapid evolution of industrialization and economic development in emerging countries, the new production capacity is mainly located in these regions. However, the development and application of such products are already mature, the existing suppliers expand the most of the new production capacity, and the local factories invest a few capacities. Due to the low technical barriers in product technology, it tends to follow economies of scale to develop. This means that a certain production scale is needed to achieve economic benefits, otherwise, it may fall into a downward spiral of declining prices and volumes. In the Southeast Asian market where the company has focused in the past, recent years have seen increased competition not only from local manufacturers but also from manufacturers in China and South Korea. With the advantages of the Regional Comprehensive Economic Partnership (RCEP), there has been significant competitive pressure. Since the outbreak of the pandemic, demand in the Southeast Asian market has been greatly affected and has yet to fully recover, leading to a severe imbalance between supply and demand and significant price impacts. On the other hand, the markets in Japan and Australia are relatively stable. Despite the bottoming out of raw material prices, the company still has certain niches to continue developing these markets.

b. Here have been some noticeable changes in the supply of UV light curable materials following the pandemic. To adapt to regional economic and short-chain supply, major producers in Europe and USA have gradually planned to increase production capacity in Europe and USA in recent years, supplying local markets locally rather than relying on imports. Korean suppliers, leveraging the advantages of free trade agreements (FTAs) to avoid tariffs, have actively entered major markets and expanded production capacity to reduce costs through economies of scale. In China, some upstream suppliers have shifted their focus to downstream products due to oversupply in the raw materials market. Although these suppliers offer a limited range of products, they remain competitive in terms of price. Overall, in recent years, there have been significant fluctuations in the supply of light curable materials, with total supply continuing to rise.Overall, the supply of UV curable materials has fluctuated greatly in recent years, but the total supply has continued to increase. After the new plant is put into production in China in 2024, we anticipate a price war in capacity utilization within the next 2 to 3 years. But as demand continues rising, and with the company's optimized product portfolio and manufacturing advantages of the new plant capacity, the supply and demand are expected to continue developing healthily in the medium & long term.

c. The market supply situation of coatings and other industrial resins is similar to unsaturated polyester resins. Mainly emerging market suppliers are increasing production to meet local growth demands. The supply of low & mid-range products also tends to be regional, and local manufacturers have relative advantages. Therefore, in terms of supply, it will be influenced by the new production capacity in Southeast Asian countries in the short term. However, due to the increasing demand towards water-based and UV light curable materials, the supply side is tending towards stability in the long term.

(2) Demand Analysis

a. The market demand of unsaturated polyester resin is expected to grow continuously with the industrial development of emerging countries. As one of the main raw materials for basic consumer industries and with its high cost-effectiveness, there is slim chance to be replaced by new materials. On the contrary, due to cheap and cheerful characters and still developing in more applications drives the growth of market demand. During the pandemic, the overall demand declined due to the rising raw material prices. After the pandemic, it faced a global economic downturn, with the decline in demand worsening rather than improving. Although the demand of unsaturated polyester resin is expected to gradually increase in the medium to long term, the overall contraction in consumer market demand is an inevitable short-term situation.

b. Demand for UV light curable materials started to declining prices and volumes from the second half of 2022 due to the global economic depression and the destocking of high-cost inventories. The inventory adjustment across the industry gradually returned to normal by mid-2023. However, the balance of supply and demand remains significantly skewed due to the active expansion of market capacity in mainland China and the overall economic downturn in the region. In the long term, due to environmentally friendly and energy-saving, it is expected that market demand will gradually recover its previous rapid growth trend as the Russia-Ukraine conflict, and conflicts in Israel and Palestine are gradually resolved. In addition to the main markets in Europe, USA and China, emerging countries in Southeast Asia are promising future markets. Currently, the UV curable industry in these regions is still in its nascent stage of development.and mainly imports finished or semi-finished products. The rapid demand growth can be expected in the near future.

c. The market demand of Solvent-based coating resin can still be expected to have growth potential in emerging markets in the short term. However, in the long term, due to energy saving and carbon reducing policies of each country, the application of such resins will be partially replaced by other environmentally friendly products such as water borne resins, UV curable materials, and epoxy resins.

4. Niche Market Competition

(1) Our main products have obtained multiple international certifications and meet with the special quality requirements of our customers. Unsaturated polyester resins have been certified for marine use by both Lloyd's Register and DNV in Norway, and our PIR insulation rigid polymeric resin has been tested and approved by the Aerospace center of Industrial Technology Research Institute. The unsaturated resin QL7241 (8275FA) has also obtained UL certification for use in underground oil tanks in the United States. Our UV curable materials have registered in REACH and most of our products have been approved and used by major downstream customers.

(2) Several plants established experience, advanced manufacturing process, and high production efficiency.

Since establishment, we have several experience in plant established due to relocation and reinvestment. Our production equipment has been continuously improved, including automatic heating systems, distributed control systems, and data management systems. With high automation and superior quality control, we have achieved high production efficiency.

(3) Extensive experience in wastewater recycling as waste solvent recovery, cost savings by well waste reduction.

Energy conservation and waste reduction are global trends, and we continuously R&D new recycling processes. We aim to recover usable materials and solvents from wastewater and used solvents to achieve waste reduction targets; moreover, it could save costs and creating profits.

(4) Continue to invest in R&D resources, focusing on the development of core technologies to enhance product competitiveness.

We have established technical cooperation with internationally renowned synthetic resin manufacturers, such as NESTE, Ashland, SOAB, Beckers and others to introduce advanced European and American technologies. Establish a foundation for collaboration between the R&D and other research units. In recent years, the R&D department has continued to strengthen its software and hardware capabilities, not only hiring a large number of doctoral-level talents, but also collaborating with a leading Japanese electronic materials manufacturer to develop electronic material resins. Moreover, in recent years, collaboration with a startup company in USA has accelerated the development of electronic ink products, facilitating the company's product transformation.

(5) Abundant marketing resources

Our sales areas are in northern, central, and southern Taiwan, as well as Guangdong Province in China, with several sales personnel in each area to provide nearby customer service. In addition, we have long-term cooperative dealers in Australia, Malaysia, Singapore, Thailand, Vietnam, India, Indonesia, Hong Kong, Europe, and the United States to assist with marketing. Therefore, we have diversified markets, excellent marketing capabilities of our sales, and a wide range of sales channels.

(6) Developing green products to meet with environmental demand

We have a wide product line, which is less affected by individual industry downturns. It includes green products such as UV curable materials and their derivatives to meet with the demand for environmentally friendly products. In recent years, we have been actively investing in the development of environmentally friendly polyester polyols and bio-based polyester resins, which conform to market trends.

(7) Established a new production line for the latest generation of UV curable, equipped with advanced and state-of-the-art production technology. The new equipment is highly efficient and cost-effective in producing UV curable materials.

5.Development vision

(1) Favorable factors:

a. The product line is complete and has a wide range of applications. In response to market changes and new applications, we can quickly respond and enter the market.

b.We have a strong R&D team, and in recent years, we also has established an R&D center to build high-value transformation capabilities. In addition to improving existing products, we also have the ability to independently develop new products to meet with customer needs in the future.

c. We have highly automatic production line, excellent production process technology, and excellent cost control capabilities.

d. Most of the main raw materials are supplied locally, with competitive costs and low inventory pressure.

e. We have developed a global business which helps to diversify risks. We also have established cooperative relationships with world-renowned companies, working closely together on multiple projects.

(2) Unfavorable factors：

a. Taiwan has not participated in any international trade agreements (such as TPP, ASEAN+1) which put Taiwan in disadvantage compared to its main competitors in terms of exporting and overseas sales.

b. The production capacity of local industries in emerging countries can affect market trends.

c. Environmental regulations in Taiwan are becoming increasingly strict and related costs are increasing year by year which affects production costs.

d. Regional economic are emerging, high shipping costs and appreciation of NT dollar are unfavorable to exporting and overseas sales.

e. In the European and American markets, high-value specialty products are mainly promoted through distributors, making it more difficult to penetrate these markets.

(3) Potential opportunities and corresponding strategies:

a. Cooperation with global manufactures to develop new products and achieve the goal of high value-added transformation.

b. Continuously invest in R&D, venture into the green materials and electronic materials industries, enhance product value and achieve sustainable management goals.

c. Develop a circular economy and improve production processes to achieve energy-saving and waste reduction goals.

d. Make good use of financial advantages and develop new products, markets, and production bases through inorganic growth in the appropriate time.

5.2.2 Import use and manufacturing process of main products

1. Import use of main products:

(1) Unsaturated polyester resin:

Used in general FRP products, surfboards, storage tanks, yachts, fishing boats, buttons, casting art, artificial marble, entertainment equipment, light panels, furniture coatings, finishing paint, primers, fillers, and adhesive shells.

(2) UV curable materials:

Various ultraviolet curing paint and monomers and oligomers of ultraviolet curing paint for paper varnishing, wood, ink, electronic materials, adhesives, and coatings for 3C and home appliances.

(3) Paint resins:

Used in colored paint, quick-drying paint, cement paint, wood coatings and industrial paint for coating, automobiles, home appliances, and color-coated steel plates.

(4) PU resins:

Used in imitation woods, flat panels, color-coated steel plates, insulation, freezing panels, insulation materials, and fillers.

(5) Casting resin:

Used in sand molds for casting various metals.

(6) Resins for acrylic paint:

Used in high-performance paint, 2K PU Application and paper varnishing.

(7) Electronic Chemical Materials:

Used in liquid crystal alignment films, wafer polishing slurries, TFT-LCD display materials, high-frequency substrates for communication, automotive interior components, and household appliance accessories.

2. The production process of the main products: unsaturated polyester resins and paint resins are both condensation polymer, diluted with different solvents according to their uses. The commonality of production equipment is higher. UV curable materials undergo chemical reactions and physical actions using different equipment and the commonality of production equipment is low.

5.2.3 Supply of main material:

Main material	Supplier	Availability
Acrylic Acid (AA)	YuanJen、BASF	Good
Styrene Monomer (SM)	GPPC、YuanJen	Good
Phthalic Anhydride (PA)	NPC、UPC	Good
Dipentaerythritol (DI-PENTA)	LCY Chemical Corp.	Good
Maleic Anhydride (MA)	YuanJen、NPC	Good
PEG pentaerythrityl ether	Sino-Japan、Oriental	Good
Propylene Glycol (PG)	LYONDELLBASELL	Good
MAA (Methacrylic Acid)	YuanJen	Good
Polyethylene-polypropylene glycol	Sino-Japan、Oriental	Good

5.2.4 Main suppliers & customers with last 2 years

1. Main suppliers

Information of main suppliers with last 2 years

Unit: NT$ thousand

	2022				2023				As of last quarter of 2024			
Item	Supplier	Amount	Ratio of purchasing 〔%〕	Relationship with issuer	Supplier	Amount	Ratio of purchasing 〔%〕	Relationship with issuer	Supplier	Amount	Ratio of purchasing〔%〕	Relationship with issuer
1	YuanJen	453,822	15.32	None	YuanJen	298,214	13.69	No	Yuan Jen	75,420	10.48	No
2	NPC	207,275	7.00	None	JSR Micro Taiwan	209,485	9.62	No	Nantong Baichuan	60,144	8.36	No
3	Sino-Japan	163,081	5.50	None	NPC	163,993	7.53	No	Sino-Japan	45,138	6.27	No
	Others	2,138,345	72.18	None	Other	1,505,879	69.16	No	Other	538,968	74.89	No
	Net purchase	2,962,523	100.00	None	Net purchase	2,177,571	100.00	No	Net purchase	719,670	100.00	No

Reason for Changes: Some of the suppliers' rankings have changed due to the mutual substitution of the resin suppliers.

2. Main customers：

Information of main customers with last 2 years

Unit: NT$ thousand

	2022				2023				As of last quarter of 2024			
Item	Supplier	Amount	Ratio of purchasing 〔%〕	Relationship with issuer	Supplier	Amount	Ratio of purchasing 〔%〕	Relationship with issuer	Supplier	Amount	Ratio of purchasing 〔%〕	Relationship with issuer
1	Group A	784,045	18.56	None	Group A	634,073	18.35	None	Group A	231,768	25.51	No
	Others	3,440,635	81.44	None	Others	2,841,631	81.65	None	Others	676,675	74.49	No
	Net sales	4,224,680	100.00	None	Net sales	3,454,793	100.00	None	Net sales	908,443	100.00	No

5.2.5 Production capacity with last 2 years

Unit: ton, NT$ thousand

Year / Production Capacity / Main Products	2023			2022		
	Production Capacity	Production Capacity	Production Capacity	Production Capacity	Production Capacity	Production Capacity
Synthetic Resin	58,000	44,113	3,140,798	58,000	44,520	3,809,953

5.2.6 Sales volume with last 2 years

Unit: ton, NT$ thousand

Year / Sales Volume / Main Products	2023				2022			
	Domestic		Overseas		Domestic		Overseas	
	volume	value	volume	value	volume	value	volume	value
Synthetic Resin	10,023	928,873	30,091	2,525,920	9,719	960,183	30,810	3,264,497

5.3 Employee Information for the Past Two Years and as of the Publication of the Annual Report

Unit: person

Year		As of Mar.31, 2024	2023	2022
Number of employees	Direct labor	142	139	145
	Indirect labor	266	265	260
	Total	408	404	405
Averaged Age		44	44	44
Averaged job tenure		13.3	13.4	12.8
Employee's education	Master or PhD	41	40	38
	College	262	257	258
	Junior high school	78	79	79
	Under junior high school	27	28	30

5.4 Environmental Expenditure Information

5.4.1 The total losses (remuneration) and disposal suffered due to environmental pollution, as of the date of printing the latest annual and reports: None

5.4.2 Future countermeasures and estimation of possible expenses and remuneration

1. Future countermeasures:
   - a. Participating in environmental protection seminars and meetings from time to time, and fully cooperating with various environmental protection plans proposed by environmental protection agencies to absorb new knowledge and skills and improve the efficiency of environmental protection work.
   - b. Collecting the latest regulation through the internet or environmental gazette at any time to understand and comply with current and future regulatory requirements.
   - c. Strengthening the environmental knowledge and on-the-job training of employees to ensure that all operations in the factory comply with legal requirements.
   - d. Continuously improving the pre-treatment of existing pollution prevention and control equipment and achieving reducing 5% of pollutant emissions within 3 years under the total pollution control regulation.
   - e. Regularly inspect by professional environmental agencies to ensure the normal operation of equipment.
   - f. Investigating and getting the sources and quantities of various wastes in the factory and proposing waste reduction policies to reduce waste generation. In accordance with the factory renovation, re-planning the waste storage area in the factory to solve the problem of insufficient waste storage area in the factory.
   - g. Having a specially assigned person to regularly review relevant laws and regulations, check whether there are any non-compliance issues in the factory, and improve them.
2. Estimation of possible expenses and remuneration
   - a. Estimated environmental expenditure for the next 3 years: NT$ 270 million.
   - b. No estimated amount for related remuneration.
   - c. Complete the investment of NT$ 3 million for the registration of the first stage standard of chemical substances.
   - d. Estimated investment of NT$ 5 million for re-planning the waste storage area in the factory.

5.4.3 Others

RoHS disclosure:

Currently, we already comply with RoHS compliance, and main products have met the RoHS directive implemented since July 1, 2006. In the future, we will continuously pay attention to RoHS regulations and the development of the European Union to meet with the legal regulations and customer demands.

5.5 Labor Relations

5.5.1 Employee welfare measures, education, training, retirement system, and the implementation of agreements and measures to protect employee rights between labor and management.

1.Empolyee benefits measures

(1) Employees participate in labor insurance, national health insurance, the new labor pension system, group accident insurance for employees and their dependents, and cancer insurance.

(2) The company reviews operational performance in each half year and awards operational performance bonuses to all employees based on this performance.

(3) The company issues fixed one month bonuses to employees based on operational profits and year-end bonuses based on individual performance assessments after taxes, donations, dividends, and reserves are paid according to the settlement of profits.

(4) The company awards Mid-Autumn Festival and Dragon Boat Festival bonuses based on operational conditions and the employee's date of hire each year.

(5) A employee benefit committee is established in accordance with the law to allocate welfare funds, sign contracts with designated stores, subsidize employee associations, provide annual employee and dependent travel, hospitalization, and wedding/funeral subsidies, birthday gifts, and other measures to organize multiple employee exchange activities to increase employee cohesion.

(6) Employee training subsidies, employee children's scholarships, employee funeral mutual aid funds, work uniforms, childcare subsidies, breastfeeding rooms, reserved parking spaces for pregnant colleagues, and the installation of safety handrails in restrooms.

(7) To promote employee food safety and hygiene, the company establishes an employee cafeteria and a group meal committee, and provides meal subsidies to encourage employees to dine in the factory. The aim is to control balanced nutrition and the safety requirements of ingredients. In addition, the company provides employees with fruit after meals once a week to ensure that they can eat healthily and with peace of mind.

(8) To comply with legal regulations, each foreign employee must have more than 3.66 square meters of living space. The company purchases dormitories for foreign employees near the factory to provide them with a quality living environment and safe accommodation, allowing them to work with full concentration and peace of mind.

(9) Subscribing to relevant professional books, newspapers, and magazines to increase employee knowledge and update their self-knowledge and application.

(10) Employee uniforms (winter/summer), winter coats, work shoes, work hats, and related work protective equipment.

(11) Every half-year, the company allocates departmental funds based on the number of employees in each department to meet the needs of various departmental activities or inter-departmental friendship to promote mutual assistance among employees. The company also organizes the Mid-Autumn Festival and year-end banquet for all employees.

(12) Regular health check-ups are provided for all employees, and factory nurses are employed according to the law. Doctors are also available on-site to address any abnormal health issues among colleagues, which are included in the management and tracking to facilitate improvements. Multiple AED (automated external

defibrillator) and oxygen cylinders are also provided in various locations.

(13) Establishing an employee stock trust to strengthen employee loyalty to the company and enhance employee benefits, providing employees with a more comprehensive retirement plan.

2. Human resource (education and training)

"Talent" has always been the company's most important asset and concern. Creating a learning and innovative work environment is our continuous goal. Therefore, we provide employees with tailored education and training courses to assist them in improving their professional skills and self-growth. We also emphasize the development potential of talents in the future. Based on the company's strategy, we plan and promote education and training courses and learning analysis for five major learning objectives to enhance employee skills and cultivate high-quality talents with professional work skills, diversified knowledge, and innovative concepts, thereby achieving the company's operational performance goals.

(1)New employee training：

a. Assist new employees in quickly understanding the work environment and integrating into the company culture, as well as explaining relevant policies and norms.

b. Assist employees in establishing the correct attitude towards work and team consensus, as well as understanding the operations of various departments.

(2)Professional training：

a. Assist employees in developing their professional skills and meeting regulatory requirements, solidifying their own professional abilities and achieving the internal transfer of technical experience.

b. Assist employees in quickly operating independently and following standard procedures to meet the requirements of work quality.

(3)Certification system training："All-staff participation" is the policy for the operation of the company's quality system ISO-9001 and environmental health and safety system ISO14001/OHSAS18001. Therefore, audit personnel and new employees are regularly arranged for learning and explanation to improve the efficiency of various systems.

(4)Safety and health training：Strengthen various plant safety and health training, firefighting, emergency response training, and chemical hazard education and guidance in accordance with regulations. Occupational accidents are usually caused by insufficient employee training and awareness of chemical hazards.

(5)Self-development training：

a. Provide training courses for individual employees based on their performance, strengths and weaknesses, department and organizational status, and future goals to assist employees in achieving their goals.

b. Assist employees in developing language, professional skills, and second specialties in order to enhance their self-awareness and skill advancement.

3.Retirement System

The company has established the employee retirement pension system in accordance with the "Labor Standards Act" and the "Labor Pension Act". In addition, the "Labor Retirement Reserve Fund Supervisory Committee" has been established in compliance with the law, and an adequate amount is allocated based on the actuarial report each year. The calculation standard for retirement pension is based on relevant regulations for all eligible retirees to ensure that the allocation and payment of retirement pension comply with legal requirements.

(1) Conditions and Procedures for Employee Retirement

A. Employees may apply for retirement under the following conditions：

a. Those with over 15 years of service and aged 55 or above.
b. Those with over 25 years of service.
c. Those with over 10 years of service and aged 60 or above.

B The company shall not compel retirement for employees unless they meet one of the following conditions：

a. Aged 65 above.
b. Mentally incapacitated or physically disabled to perform job duties.
c. Retiring employees should fill out a Resignation (Retirement) Application, which must be approved and verified.
d. Employees subject to compulsory retirement according to these regulations must be reported and approved by their respective units before notifying them to proceed with retirement procedures.

(2) Retirement Pension Contribution Rate and Status

A.Since July 1, 2005, in accordance with the implementation of the Labor Pension Act, employees previously subject to the regulations, if they choose to apply the new system's years of service or employees who join after the implementation of the new system, their years of service are subject to a defined contribution scheme. The retirement pension is contributed by the company at a rate of six percent of monthly salary, deposited into the individual account of the Labor Insurance Bureau's retirement pension. Additionally, the company’s subsidiaries located in China contribute to the pension insurance according to local government regulations.

B.According to the Labor Standards Act, the years of service of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, as well as the subsequent years of service of employees who choose to continue applying the Labor Standards Act after the implementation of the Labor Pension Act, are included in the calculation of years of service for retirement conditions under that law. Currently, only one person still retains years of service before the implementation of the Labor Pension Act on July 1, 2005. As of the end of 2023, the company has deposited NT$825,000 into a special account with Taiwan Bank, which exceeds the determined welfare obligation of NT$640,000 according to the retirement pension actuarial report, so no additional allocation is required.

4. Labor-Management Agreement and Employee Rights Protection

Adhering to the concept of "harmony between labor and management, creating win-win situations", we strengthen communication between labor and management. This is the foundation for rallying employee morale and consensus, and working together to grow and strengthen the company. Therefore, we continue to actively strengthen communication internally and through various communication platforms and methods, we promptly and accurately convey the company's operational situation and direction, understand and provide feedback on grassroots suggestions and improvement directions, meet employee needs, and improve overall operational efficiency.

(1) The chairman personally holds an employee forum once per half year to create a transparent workplace and collect input from employees at all levels. Suggestions and ideas are transformed into driving forces for the advancement of the workplace.

(2) Each department holds regular quarterly or monthly meetings where managers can directly deliver company performance, set departmental goals, and negotiate improvements. Colleagues can also use this channel to provide feedback or suggestions, achieving two-way communication.

(3) The chairman personally holds monthly departmental management meetings to develop, coordinate, and deliver the company's business, management, marketing, and other operations and directions.

(4) A suggestion box is provided for employees to provide written feedback, proposals, or report any grievances, which will then be investigated and addressed by the relevant unit.

(5) The company establishes "Employee Work Rules" in accordance with the Labor Standards Act, which are available for employees to review on the company's intranet. Any amendments or revisions are communicated to colleagues via email or posted notices, ensuring that they are up to date with the latest company policies and management standards.

(6) To ensure that employees' families are aware of the company's commitment to workplace safety, an "Employee and Family Occupational Safety Agreement" is signed before employment, with the goal of achieving a win-win-win situation for families, employees, and the company in terms of workplace safety.

(7)According with the "Personal Information Protection Act" regulations are established for the collection (personnel-related information, health examination data, etc.), processing and use of personal information to prevent human rights violations. Strengthened promotion to ensure that colleagues understand the importance of ethical standards, avoid violating company regulations during work-related operations, and provide relevant consultation channels to ensure that colleagues' and the company's rights are maximally protected.

(8) Measures and channels of Sexual Harassment Prevention are established to protect employees from the harm of work-related sexual harassment.

5.5.2 The recent annual and year-to-date reports state that there have been no losses due to labor disputes and disclose the estimated amounts and corresponding measures that may occur in the future. This is because the company has a good labor-management relationship and employees have a high level of loyalty to the company, thus there have been no losses due to labor disputes .

5.6 Cyber Security Management：

5.6.1 Description of the framework for cyber security risks, cyber security policies, specific management plans, and resources invested in cyber security management.（

1. Purpose and scope of cyber security

Target：including employees, customers, suppliers, and operational-related information hardware and software equipment.

Scope：To ensure the cyber security of the company, relevant regulations and systems have been established and incorporated into the management operation system to protect the privacy and cyber security of employees, suppliers, and customers during business negotiations.

2. Risk Framework of cyber security

(1) The company is led and planned by the Information Department for cyber security, with cooperation from various business-related departments to ensure the effectiveness of the company's cyber security management operation.

(2) Responsible for developing cyber security management policies, regularly reviewing and revising, and reporting to the board of directors regularly.

3. The goal of cyber security

(1) To ensure the continuous operation of the company's business and the company provides stable use of the information services.

(2) To ensure the confidentiality, integrity, and availability of the information assets stored by the company and protect the privacy of personnel data.

(3) To prevent destruction and leakage of confidential information and establish a sustainable information business operation plan to comply with relevant laws and regulations, preventing improper and illegal use.

4. Control measures of cyber security

(1) Establish a regular inventory of information assets and implement various control measures.

(2) Regularly conduct cyber security propaganda operations.

(3) Important information systems or equipment should have appropriate backup or monitoring mechanisms established and regularly practiced to maintain their availability.

(4) UTM firewall protection and control for inappropriate use when going online, the use of secure Mail Spam defense E-MAIL, the server network segment is separated form other business equipment, personal computers should install antivirus software and regularly update virus codes to prevent external network attacks from penetrating and unauthorized software use is prohibited.

(5) Employee account passwords and permissions should be properly managed and used, and changed regularly. Accounts of employees who have left the company should be disabled immediately.

(6) Establish standard procedures for cyber security incidents to handle them in time and avoid spreading the damage.

(7) All employees should comply with legal requirements and cyber security requirements. Supervisors should supervise the implementation of the security system and strengthen employees' awareness of cyber security and legal concept.

5. Execution of cyber security propaganda in 2023：

In addition to sending monthly email filtering reports, the company conducted five cyber security propaganda.

5.6.2 The losses, potential impact, and response measures suffered due to significant cyber security incidents during the latest fiscal year and up to the date of printing of this annual report are listed below. If unable to make a reasonable estimate, it should be stated that such cannot be reasonably estimated: No

5.7 Important Contracts

Contract Type	Interested Person	Star & due date of contract	Content	Restriction
Supply & sales	Grand Pacific Petrochemical Corporation	Jan.01, 2023 ~ Dec.31, 2025	The monthly supply of styrene shall be supplied full quantity of delivery. In case of reduction in delivery or quantity, it shall be subject to the agreement stipulated in the contract.	Calculate the unit price according to the pricing formula.
Long-term loan	Bank of Taiwan	Sep.09, 2021 ~ Sep.09, 2041	Secured loan	None
		Nov.01, 2021 ~ Nov.01, 2026	Secured loan	None
		Aug.31, 2022 ~ Nov.01, 2041	Secured loan	None
	CTBC Bank Co., Ltd	Mar.23, 2022 ~ Mar.15, 2029	Unsecured loan	None
		Aug.23, 2022 ~ Aug.15, 2029	Unsecured loan	None
	E. Sun Commercial Bank, Ltd	Apr.18, 2022 ~ Apr.15, 2029	Unsecured loan	None
	Yuanta Commercial Bank Co., Ltd.	Oct.27, 2022 ~ Oct.27, 2024	Unsecured loan	None
	Cathay United Bank	Mar.23, 2022 ~ Feb.08, 2029	Unsecured loan	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

1. Consolidated Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		2019	2020	2021	2022	2023	As of Mar.31, 2024
Current Assets		2,001,166	2,027,262	2,721,843	2,357,299	2,063,196	2,259,679
Property, plant and equipment		915,270	908,088	1,449,979	1,532,791	1,516,205	1,504,540
Intangible assets		82,407	74,965	69,459	73,366	74,672	77,520
Other Assets		285,439	274,802	381,625	588,186	993,466	1,091,121
Total Assets		3,284,282	3,285,117	4,622,906	4,551,642	4,647,539	4,932,860
Current liabilities	Before distribution	659,339	643,659	1,183,594	834,549	813,090	1,033,951
	After distribution	839,355	839,181	1,403,614	1,024,566	913,099	1,033,951
Non-current liabilities		118,203	102,004	656,383	811,308	945,522	1,034,567
Total Liabilities	Before distribution	777,542	745,663	1,839,977	1,645,857	1,758,612	2,068,518
	After distribution	957,558	941,185	2,059,997	1,835,874	1,858,621	2,068,518
Interests attributable to parent company owner		2,506,740	2,539,454	2,782,929	2,905,785	2,888,927	2,864,342
Capital		1,000,092	1,000,092	1,000,092	1,000,092	1,000,092	1,000,092
Capital reserve		392,320	392,323	410,177	410,471	420,051	422,437
Retained earnings	Before distribution	1,134,923	1,236,347	1,408,602	1,503,698	1,480,700	1,439,471
	After distribution	954,907	1,040,825	1,188,582	1,313,681	1,380,691	1,439,471
Other interests		(20,595)	(27,252)	(35,942)	(8,476)	(11,916)	2,342
Treasury stock		-	(62,056)	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	2,506,740	2,539,454	2,782,929	2,905,785	2,888,927	2,864,342
	After distribution	2,326,724	2,343,932	2,562,909	2,715,768	2,788,918	2,864,342

Note 1: The financial information has been audited or reviewed and signed off by a CPA.
Note 2: No notifications or reclassifications of the financial information by authorities.

2. Parent Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		2019	2020	2021	2022	2023	As of Mar.31, 2024
Current Assets		1,633,467	1,584,611	2,319,696	1,902,628	1,703,770	No Applicable
Property, plant and equipment		854,208	850,712	1,398,383	1,485,519	1,474,557	
Intangible assets		12,347	8,410	4,774	1,600	2,917	
Other Assets		737,635	779,247	814,626	1,086,587	1,406,235	
Total Assets		3,237,657	3,222,980	4,537,479	4,476,334	4,587,479	
Current liabilities	Before distribution	627,058	595,149	1,111,411	773,935	767,721	
	After distribution	807,074	790,671	1,331,431	963,952	867,730	
Non-current liabilities		103,859	88,377	643,139	796,614	930,831	
Total Liabilities	Before distribution	730,917	683,526	1,754,550	1,570,549	1,698,552	
	After distribution	910,933	879,048	1,974,570	1,760,566	1,798,561	
Interests attributable to parent company owner		2,506,740	2,539,454	2,782,929	2,905,785	2,888,927	
Capital		1,000,092	1,000,092	1,000,092	1,000,092	1,000,092	
Capital reserve		392,320	392,323	410,177	410,471	420,051	
Retained earnings	Before distribution	1,134,923	1,236,347	1,408,602	1,503,698	1,480,700	
	After distribution	954,907	1,040,825	1,188,582	1,313,681	1,380,691	
Other interests		(20,595)	(27,252)	(35,942)	(8,476)	(11,916)	
Treasury stock		-	(62,056)	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	2,506,740	2,539,454	2,782,929	2,905,785	2,888,927	
	After distribution	2,326,724	2,343,932	2,562,909	2,715,768	2,788,918	

Note 1: The financial information has been audited and signed off by a CPA.
Note 2: No notifications or reclassifications of the financial information by authorities.

6.1.2 Condensed Statement of Comprehensive Income

1. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousand

Year / Item	2019	2020	2021	2022	2023	As of Mar.31, 2024
Operating Revenue	4,292,615	3,822,858	4,830,426	4,224,680	3,454,793	908,443
Operating margin	724,165	760,132	1,005,918	762,266	527,713	147,617
Operating income	333,871	339,570	468,101	328,791	165,901	57,335
Non-operating income and expenses	4,663	27,128	14,762	72,575	46,949	17,030
Net profit before tax	338,534	366,698	482,863	401,366	212,850	74,365
Net income of continuing business units	-	-	-	-	-	-
Loss of suspended business unit	-	-	-	-	-	-
Net income	256,708	281,318	367,807	315,043	167,026	58,780
Other comprehensive income, net of tax	(20,903)	(6,535)	(8,720)	27,539	(3,447)	14,258
Total comprehensive income	235,805	274,783	359,087	342,582	163,579	73,038
Net income attributable to stockholders of the parent	256,708	281,318	367,807	315,043	167,026	58,780
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to stockholders of the parent	235,805	274,783	359,087	342,582	163,579	73,038
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share (NT$)	2.57	2.83	3.73	3.15	1.67	0.59

Note 1: The financial information has been audited or reviewed and signed off by a CPA.

Note 2: No notifications or reclassifications of the financial information by authorities.

2. Parent Condensed Statement of Comprehensive Income Statement

Unit: NT$ thousand

Item \ Year	2019	2020	2021	2022	2023	As of Mar.31, 2024
Operating Revenue	3,869,569	3,265,028	4,214,065	3,753,713	3,063,708	No Applicable
Operating margin	616,068	623,321	873,240	657,263	459,213	
Operating income	290,455	269,237	406,530	301,907	165,064	
Non-operating income and expenses	35,201	82,876	51,115	82,618	42,473	
Net profit before tax	325,656	352,113	457,645	384,525	207,537	
Net income of continuing business units	-	-	-	-	-	
Loss of suspended business unit	-	-	-	-	-	
Net income	256,708	281,318	367,807	315,043	167,026	
Other comprehensive income, net of tax	(20,903)	(6,535)	(8,720)	27,539	(3,447)	
Total comprehensive income	235,805	274,783	359,087	342,582	163,579	
Net income attributable to stockholders of the parent	256,708	281,318	367,807	315,043	167,026	
Net income attributable to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to stockholders of the parent	235,805	274,783	359,087	342,582	163,579	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share (NT$)	2.57	2.83	3.73	3.15	1.67	

Note 1: The financial information has been audited and signed off by an accountant.
Note 2: No notifications or reclassifications of the financial information by authorities.

6.1.3Accountants' names and audit opinions with last 5 years

Year	Accounting firm	CPA name	Opinion
2019	PwC Taiwan	Tien, Chung-Yu、Lin, Tzu-Yu	Unqualified opinion
2020	PwC Taiwan	Tien, Chung-Yu、Lin, Tzu-Yu	Unqualified opinion 見
2021	PwC Taiwan	Tien, Chung-Yu、Lin, Tzu-Yu	Unqualified opinion
2022(Note)	PwC Taiwan	Tien, Chung-Yu、Yeh, Fang-Ting	Unqualified opinion
2023	PwC Taiwan	Tien, Chung-Yu、Yeh, Fang-Ting	Unqualified opinion

Note: Accountants were replaced due to organizational adjustments at PwC Taiwan in 2022.

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item \ Year		Five-Year Financial Analysis 2019	2020	2021	2022	2023	As of Mar.31, 2024
Financial structure (%)	Debt to asset ratio	23.67	22.70	39.80	36.16	37.84	41.93
	Long term capital to property, plant and equipment ratio	286.79	290.88	237.20	242.50	252.90	259.14
Solvency %	Current ratio	303.51	314.96	229.96	282.46	253.75	218.55
	Quick ratio	185.96	201.49	138.41	152.43	140.87	117.58
	Interest coverage ratio	54.21	180.23	95.00	34.24	20.87	30.13
Operating capacity	Receivable turnover rate (times)	4.02	3.77	4.18	4.12	4.10	3.92
	Average cash recovery day	91	97	87	89	89	93
	Inventory turnover rate (times)	4.35	4.08	4.26	3.15	2.88	3.15
	Payable turnover rate(times)	12.21	11.79	10.30	9.45	8.65	7.59
	Days sales outstanding	84	90	86	116	127	116
	Property, plant and equipment turnover rate (times)	4.62	4.19	4.10	2.83	2.27	2.41
	Total asset turnover rate (times)	1.26	1.16	1.22	0.92	0.75	0.76
Analysis of Profitability	Return on assets（%）	7.70	8.61	9.41	7.08	3.82	5.08
	Return on equity（%）	10.36	11.15	13.82	11.08	5.76	8.17
	Ratio of Pre-tax net profit to paid-up capital (%)	33.85	36.67	46.81	40.13	21.28	29.74
	Net profit ratio（%）	5.98	7.36	7.61	7.46	4.83	6.47
	Earnings per share (NT$)	2.57	2.83	3.73	3.15	1.67	0.59
Cash flow	Cash flow ratio（%）	71.68	69.40	18.70	87.45	25.84	(7.60)
	Cash flow adequacy ratio（%）	134.23	116.75	72.59	89.35	71.32	50.75
	Cash reinvestment ratio（%）	9.49	8.42	0.66	12.59	0.53	(4.70)
Leverage	Operating leverage	2.83	3.32	1.65	2.89	5.35	2.93
	Financial leverage	1.02	1.01	1.01	1.04	1.12	1.11

Reasons for changes in various financial ratios in the past two fiscal years: (with an increase or decrease of 20% or more).

(1)Slovency

Decrease in Interest Coverage Ratio: Mainly due to the decrease in profitability for the current year.

(2)Profitability

Reduction in various ratios mainly due to the decline in profitability in the first half of the current year affected by the global economic and high inventory costs.

(3)Cash flow

Decrease in Cash Flow Ratio and Cash Reinvestment Ratio: Mainly due to the decline in profitability for the current year and an increase in accounts receivable compared to the previous year, leading to reduced cash inflow from operating activities.

Decrease in Cash Flow Adequacy Ratio: Mainly due to reduced cash inflow from operating activities for the current year and increased capital expenditure associated with the construction of new plants over the past two years.

(4)Leverage

Increase in Operating Leverage: Primarily due to the impact of the economic downturn for the current year resulting in a decline in operating income and profitability.

Note: Above information has been audited or reviewed and signed off by a CPA.

6.2.2 Parent Financial Analysis

Item		Five-Year Financial Analysis 2019	2020	2021	2022	2023	As of Mar.31, 2024
Financial structure (%)	Debt to asset ratio	22.58	21.21	38.67	35.09	37.03	No Applicable
	Long term capital to property, plant and equipment ratio	305.62	308.90	245.00	249.23	259.04	
Solvency %	Current ratio	260.50	266.25	208.72	245.84	221.93	
	Quick ratio	161.63	171.69	130.46	130.32	126.63	
	Interest coverage ratio	64.56	173.10	98.72	35.47	21.25	
Operating capacity	Receivable turnover rate (times)	4.04	3.61	4.06	4.12	4.33	
	Average cash recovery day	90	99	90	89	84	
	Inventory turnover rate (times)	4.96	4.55	4.81	3.51	3.16	
	Payable turnover rate(times)	11.77	10.88	9.54	8.94	8.23	
	Days sales outstanding	74	80	76	104	116	
	Property, plant and equipment turnover rate (times)	4.47	3.83	3.75	2.60	2.07	
	Total asset turnover rate (times)	1.16	1.01	1.09	0.83	0.68	
Analysis of Profitability	Return on assets（%）	7.84	8.76	9.58	7.19	3.87	
	Return on equity（%）	10.36	11.15	13.82	11.08	5.76	
	Ratio of Pre-tax net profit to paid-up capital (%)	32.56	35.21	45.76	38.45	20.75	
	Net profit ratio（%）	6.63	8.62	8.73	8.39	5.45	
	Earnings per share (NT$)	2.57	2.83	3.73	3.15	1.67	
Cash flow	Cash flow ratio（%）	57.03	65.05	26.12	86.70	35.48	
	Cash flow adequacy ratio（%）	114.54	102.46	67.85	84.13	68.71	
	Cash reinvestment ratio（%）	5.60	6.38	2.38	11.16	2.16	
Leverage	Operating leverage	3.14	4.04	1.87	2.87	4.97	
	Financial leverage	1.02	1.01	1.01	1.04	1.07	

Reasons for changes in various financial ratios in the past two fiscal years: (with an increase or decrease of 20% or more).
(1)Slovency
Decrease in Interest Coverage Ratio: Mainly due to the decrease in profitability for the current year.
(2) Profitability
Reduction in various ratios mainly due to the decline in profitability in the first half of the current year affected by the global economic and high inventory costs.
(3)Cash flow
Decrease in Cash Flow Ratio and Cash Reinvestment Ratio: Mainly due to the decline in profitability for the current year and an increase in accounts receivable compared to the previous year, leading to reduced cash inflow from operating activities.
(4)Leverage
Increase in Operating Leverage: Primarily due to the impact of the economic downturn for the current year resulting in a decline in operating income and profitability.

Note 1: Above information has been audited and signed off by a CPA.

Note 2: Calculation Formula

1.Financial Structure

(1) Debt to asset ratio ＝ Total liabilities／Total assets

(2) Long term capital to property, plant and equipment ratio＝（Total equity＋non-current liabilities）／ net property, plant and equipment

2.Solvency

(1) Current ratio＝current assets／current liabilities

(2) Quick ratio＝（current assets－Inventories－prepaid expenses）／current liabilities

(3) Interest coverage ratio＝net profit before income tax and interest expense／net Interest expense。

3. Operating capacity

(1) Receivable turnover rate (times)＝ Net Sales／Average balance of receivables

(2) Average cash recovery day＝365／Receivable turnover rate

(3) Inventory turnover＝cost of sales／average inventory。

(4) Payable turnover rate＝ cost of sales／average balance of payables

(5) Days sales outstanding＝365／Inventory turnover。

(6) Property, plant and equipment turnover rate＝net sales／average net Property, plant and equipment

(7) Total asset turnover rate＝net sales／average total assets

4. Profitability

(1) Return on assets＝〔profit after tax＋Interest expenses×（１－tax rate）〕／average total assets

(2) Return on equity＝profit after tax／average total equity。

(3) Net profit rate＝profit after tax／net sales

(4)Earnings per share＝（Interests attributable to parent company owner－preferred stock dividend）／Weighted average number of issued shares

5. Cash flow

(1) Cash flow ratio＝net cash flow from operating activities／current liabilities

(2) Cash flow adequacy ratio= (net cash flow from operating activities within five years/ (capital expenditure + inventory increase +cash dividend) within five year

(3) Cash reinvestment ratio＝(net cash flow from operating activities－cash dividend)／(gross Property, plant and equipment＋long-term investment＋Other noncurrent assets＋working capital)。

6. Leverage:

(1) Operating leverage＝(net operating revenue－variable operating costs and expenses) ／ operating income

(2) Financial leverage＝operating income ／ (operating income－Interest expense)

6.3 Supervisors' or Audit Committee's Review Report in the Most Recent Year

Qualipoly Chemical Corp.

Audit Committee's Review Report

The Board of Directors has prepared the annual business report, individual and consolidated financial statements, and profit distribution proposal for year 2023. The individual and consolidated financial statements have been audited by PwC Taiwan and an audit report has been issued.

As mentioned above annual business report, individual and consolidated financial statements, and profit distribution proposal have been reviewed by our audit committee, and it is believed that there are no inconsistencies. Therefore, in accordance with the relevant regulations of the Securities and Exchange Act and the Company Act, we hereby report the above information for your reference.

Sincerely,

Qualipoly Chemical Corp.

Audit Committee Convener：Chung Feng Yuan

Date: Mar. 08, 2024

6.4 Consolidated Financial Statements and Independent Auditors' Report: please refer to Appendix page 1.

6.5 Parent Company Only Financial Statements and Independent Auditors' Report: please refer to Appendix page 78.

6.6 If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed: None

VII. Review and Analysis of Financial Status and Business Results and Risk Issues

7.1 Financial Status

Unit: NT$ thousand

Item \ Year	2023	2022	Increase or decrease	
			Amount	%
Current assets	2,063,196	2,357,299	(294,103)	(12.5)
Fixed assets	1,516,205	1,532,791	(16,586)	(1.1)
Intangible assets	74,672	73,366	1,306	1.8
Other assets	993,466	588,186	405,280	68.9
Total assets	4,647,539	4,551,642	95,897	2.1
Current liabilities	813,090	834,549	(21,459)	(2.6)
Long-term liabilities	893,935	737,638	156,297	21.2
Other liabilities	51,587	73,670	(22,083)	(30.0)
Total liabilities	1,758,612	1,645,857	(112,755)	(6.9)
Capital	1,000,092	1,000,092	-	-
Capital reserve	420,051	410,471	9,580	2.3
Retained earnings	1,480,700	1,503,698	(22,998)	(1.5)
Other interests	(11,916)	(8,476)	(3,440)	(40.6)
Treasury stock	-	-	-	-
Total owner’s equity	2,888,927	2,905,785	(16,858)	(0.6)

7.1.1 Analysis of change exceeding 20% proportion:

1.Increase in other assets: Mainly due to the increase in prepaid equipment payments and equipment purchases related to the construction of the Annan plant during the current year

2.Increase in long-term liabilities: Mainly due to the need for long-term funds for the construction of new plants, resulting in an increase in long-term borrowings.

3.Decrease in other liabilities: Mainly due to a higher distribution of overseas investment income during the current year, resulting in a decrease in recognized deferred income tax liabilities.

3.Decrease in other interests: Mainly due to the exchange differences in the financial statements of overseas operating entities caused by fluctuations in exchange rates.

7.1.2 No any significant impact should be explained.

7.2 Financial Performance

7.2.1 Operating Performance Analysis

Unit: NT$ thousand

	2023	2022	Increase or decrease	Increase or decrease
	Total	Total	Amount	Ratio (%)
Net operating revenue	3,454,793	4,224,680	(769,887)	(18.2)
Operating costs	(2,927,080)	(3,462,414)	535,334	15.5
Operating margin	527,713	762,266	(234,553)	(30.8)
Operating expense	(361,812)	(433,475)	71,663	16.5
Operating profit	165,901	328,791	(162,890)	(49.5)
Non-operating income and expenses	46,949	72,575	(25,626)	(35.3)
Net profit before tax	212,850	401,366	(188,516)	(47.0)
Income tax paid	(45,824)	(86,323)	40,499	46.9
Net profit	167,026	315,043	(148,017)	(47.0)
Other comprehensive income, net of tax	(3,447)	27,539	(30,986)	(112.5)
Total comprehensive income	163,579	342,582	(179,003)	(52.3)

Analysis of change exceeding 20% proportion:

1. Decrease in operating margin & operating profit: Mainly due to the impact of global economic depression and high-cost inventory starting from the 2nd half of the previous year, resulting in a significant decline in operating revenue and gross profit margin in the 1st half of the current year. However, there has been a gradual recovery in the second half of the current year.
2. Decrease in non-operating income and expenses: mainly due to a reduction in dividends received from overseas investments during the current year.
3. Decrease in pre-tax/current income: Mainly attributable to the decline in operating revenue and profit caused by the economic downturn and high inventory starting from the 2nd half of the previous year.
4. Decrease in income tax expense: Mainly due to the decrease in profitability during the current year
5. Decrease in other comprehensive income (net): Mainly due to lower fluctuations in the US dollar exchange rate during the current year, resulting in a decrease in the translation differences recognized in the financial statements of overseas operating entities.
6. Decrease in other comprehensive income: Please refer to the explanations in points 3 and 5 above.

7.2.2 Expected sales quantity for the next year and along with corresponding plans which may be potentially impact on the Company's financial business:

The total expected sales quantity in 2024 is 50,840 metric tons, which is the best estimation based on market conditions.

7.3 Cash flow

7.3.1 Liquidity Analysis with last 2 years

Year / Item	2023	2022	Increase or decrease（%）
Cash flow ratio (%)	25.84	87.45	(70)
Cash flow adequacy ratio（%）	71.32	89.35	(20)
Cash reinvestment ratio（%）	0.53	12.59	(96)

Analysis of change exceeding 20% proportion:

(1)Decrease in Cash flow ratio and Cash reinvestment ratio: Mainly attributable to the decrease in profitability during the current year and an increase in accounts receivable compared to the previous year, resulting in a reduction in cash inflows from operating activities．

(2)Decrease in Cash flow adequacy ratio: Mainly due to the decrease in cash inflows from operating activities during the current year and an increase in capital expenditures over the past 2 years as the company was in the process of constructing new plants.

7.3.2 Insufficient liquidity improved plan: No applicable

7.3.3 Cash Liquidity Analysis Next Year

1

Cash equivalents at the beginning of year	Net cash outflow from operating activities throughout the year	Net cash outflow from investment activities throughout the year	Net cash inflow from financing activities throughout the year	Cash surplus (Deficit)	Leverage of Cash Deficit	
					Investment Plan	Financial Plan
$211,307	($566,507)	($1,268,282)	$1,899,991	$ 276,509	None	None

. Analysis of cash flow changes:

(1) Net cash outflow from operating activities was mainly due to the adjustment of inventory to normal as the global economy gradually emerged from recession in the 2nd half of the fiscal year 2023. While it is expected that product gross profit will increase in the fiscal year 2024 due to the recovery in market demand and the introduction of new products, cash outflows occurred due to increased inventory stocking for future market demand and increased interest expenses on debt for the construction of new plants.

(2) Net cash outflow from investment activities was mainly due to the construction of a new factory in Tainan Technology Industrial Park. The related construction costs will be gradually paid according to the progress of the plant construction plan, and the purchase of related fixed assets is also expected.

(3) Net cash inflow from investment activities was mainly due to the expected borrowing of funds of the construction of the plant and the payment of dividends.

2. Leverage of cash deficit: No applicable

7.4 Impact of Major Capital Expenditure in the Past Year on the Financial Status

7.4.1 The use of major capital expenditure in the past year:

Unit: NT$ thousand

Item	Actual or expected sources of capital	Expected completion date	Total amount of capital	Actual or expected use of capital				
				2022	2023	2024	2025	2026
Production equipment (PSMA resin)	Own Funds	2025	100,000	-	-	30,000	70,000	-
Production equipment (HC material resin)	Own Funds	2024	20,000	-	-	20,000	-	-
Environmental & fire equipment	Own Funds	2026	94,000	24,000	10,000	25,000	25,000	10,000
Factory equipment, storage tank, retention pond, outdoor engineering` (Annan Plant)	Long-term loan & own funds	2025	645,700	125,098	220,892	235,140	64,570	-
Production equipment (Annan Plant)	Long-term loan & own funds	2025	519,300	35,883	113,283	318,204	51,930	-
Automated storage equipment (Annan Plant)	Long-term loan & own funds	2025	118,708	37,058	2,237	43,801	35,612	-
Environmental & fire equipment (Annan Plant)	Long-term loan & own funds	2025	439,000	49,253	85,259	172,788	131,700	-

7.4.2 Expected benefits

1. In response to the total amount control of pollution emissions in Kaohsiung City, install low-nitrogen oxide gas boilers and improve boiler combustion efficiency to reduce pollutants and greenhouse gas emissions.
2. Continuously install fire-fighting equipment and improve chemical storage facilities to enhance operational safety in the factory.
3. Reuse of waste in the factory to create a circular economy.

7.5 Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year

7.5.1 The main reasons of profits or losses for the recent year's reinvestment policy

We have established overseas holding companies QII, CCII, and CII respectively to reinvest in China and then indirectly reinvested in Qualipoly Technology (Guang Dong) Corp., Qualipoly Technology (Kun Shan) Corp., Dongguan Chao you New Material Co., Ltd, Qualipoly Technology (Shang Hai) Corp., Shanghai Chaojian Chemical Co., Ltd、Tianjin Qualipoly Chemical Corp.、Yabang Group Zhangzhou Yabang Chemical Co., Ltd and Zhangazhou New solar Corp. Subsidiaries Qualipoly Technology (Kun Shan) and Dongguan Chao you New Material Co., Ltd reported profits mainly due to the sale of high value-added products, while Qualipoly Technology (Guang Dong) Corp. and Qualipoly Technology (Shang Hai) Corp. incurred losses due to lower-than-expected sales competition in China market. Tianjin Qualipoly Chemical Corp.、Yabang Group Zhangzhou Yabang Chemical Co., accounted for as other comprehensive income financial assets-non-current are shut down and are provided for related losses on valuation. Overall, we recognized investment losses of NT$24,320,000 in 2023 for using equity method. Additionally, investment in the US-based Electroninks Inc. to venture into the international mid-range electronic materials sector is classified as non-current financial assets through other comprehensive income. The company will initiate product manufacturing cooperation.

7.5.2 Improvement:

Future strategies include continued market development and increasing sales through product line transitions to improve the losses incurred by Qualipoly Technology (Guang Dong) Corp. and Qualipoly Technology (Shang Hai) Corp..

7.5.3 Investment plans for the next year: None

7.6 Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report

7.6.1 The impact of recent changes in interest rates, exchange rates, and inflation on the profits and losses, as well as future response:

Interest rate changes: In the consolidated financial statements for 2023, the interest expenses were NT$10,071,000, accounting for 0.31% of revenue which indicates that interest expenses have little impact on operations. In the future, we will shorten the period for accounts receivable, effectively control inventory, reduce capital demands, decrease borrowing balances and actively look for the sources of low-interest loans to effectively control interest expenses.

Exchange Rate Fluctuations: The proportion of exports has been increasing year by year, and exports are mainly quoted in US dollars and some in euros. Therefore, exchange rate fluctuations would impact on revenue and profit at a certain extent. In order to respond to the risk of exchange rate, we mainly adopt natural hedges and prudent principles to operates forward foreign exchange hedging transactions or foreign currency financing to reduce the impact of exchange rate fluctuation on the profits.

Inflation: We are a professional synthetic materials manufacturer. The main products include unsaturated polyester resins, coating resins, and UV curable materials. The main raw materials are styrene (SM), phthalic anhydride (PA), and glycolic acid (GAA), all of which are part of the chemical raw material industry and are also affected by macroeconomic such as global economic fluctuations and petroleum price fluctuations. As the raw material costs account for about 85% of the production costs, the related costs rising and operations would be affected by significant fluctuations in the prices of raw materials. We are always aware of changes in raw material prices and improve production processes and research alternativity to be able to use lower-cost raw materials and strengthen cost transfer to reduce the pressure of cost increases and minimize the impact of raw material price fluctuations.

7.6.2 The main reasons and corresponding measures for profits or losses of the high-risk, high-leverage investment, lending, endorsements and guarantees and derivatives carried out in the recent fiscal year

1. We don’t engage in high-risk or high-leverage investments or lend money to others. Instead, we carefully select high-performing stocks and funds for short-term investment and do not focus on short-term operations, so we can generally make a profit. As for derivatives, we conduct moderate currency hedges after natural hedges.
2. We don’t lend money to others. Also, we comply with the "Regulations for Endorsement and Guarantee" in cases of endorsements and guarantee and the recipients are all subsidiaries of the company. As of the end of 2023, there were no endorsement guarantees.

7.6.3 Future R&D plans and estimation of R&D expenses

1. R&D plans with the last year:
   (1) Low yellowing, low VOC resin for coating
   (2) Environmentally friendly next-generation process UV curable monomers.
   (3) High-gloss and processable UV curable materials for metal can coatings.
   (4) UV curable materials for 3D printing
   (5) Applied materials for display.
   (6) Low carbon emission materials.
   (7) Resins for 5G applications
   (8) Resins for SMA applications.
   (9) Water-based resins for industrial additives n
2. The current progress of the above R&D plans: resin synthesis and physical property testing
3. Expected to be completed in the second half of 2024, with an estimated additional R&D cost of NT$50,000,000.
4. The main reasons of the success of future R&D are:
   (1) The prescriptive period of R&D plans will meet customer needs
   (2) Training technical service personnel helps accelerate the resolution of customer issues.
   (3) Continuously cooperate with external research units will facilitate the development of cutting-edge products
   (4) Lower costs compared to imported products as an incentive

7.6.4 The impact and measures to cope with recent important policy and legal changes domestically and abroad on the Company's financial business:

We have consulted and get evaluation recommendations from relevant professional legal and accounting parties and planned corresponding measures to comply with policy and legal changes in order to reduce the impact on the financial status.

7.6.5 Impact and corresponding measures of Technological and Industrial Changes (Including Cyber security Risks) on Financial Status:

We mainly rely on self-research and development for product development. Technological changes can enhance the development of R&D professional technique and improve product quality. By continuously developing new products with technological functions, we strive to achieve our financial status growth.

7.6.6 Impact and corresponding measures of crisis management of Corporate Image Changes:

Implementing enterprise's philosophy of integrity, professionalism, and sustainable operation. We aim to ensuring stable business growth, reasonable profits for shareholders, fair treatment for employees, and establishing a corporate image of providing a high-quality living environment.

7.6.7 Expected benefits, potential risks, and corresponding measures of merger and acquisition: we don't have any plan for merger and acquisition.

7.6.8 Expected benefits, potential risks, and response measures of expanding the factory：

In order to meet the demand of operational development, the Company discussed and approved the purchase of land in the Tainan Science and Technology Industrial Park on May 11, 2021, and the construction plan was approved by the board of directors on March 9, 2022. The plant will be used for future expansion of UV curable materials production. The funding has been obtained through medium and long-term loans of bank, and the shortfall will be addressed using the Company's own funds. The main purpose of this expansion is to meet the existing and future demands of customers, which is beneficial to the Company's future performance growth.

7.6.9 Risks and corresponding measures faced in Centralizing Purchases or Sales:

Our company's suppliers for purchasing are not single-source suppliers in the market and our customers are not concentrated on a few major customers. Therefore, the risks faced in centralizing purchases or sales are relatively low.

7.6.10 Impact, risks, and corresponding measures of major transfers or changes in share ownership by directors, supervisors, or large shareholders holding more than 10% of the Company's shares: no situation of a large transfer or change in company's shares.

7.6.11 Impact, risks and corresponding measures of changes of management rights:

The directors, supervisors, or large shareholders holding more than 10% of the Company's shares have stable equity, any changes in their ownership are unlikely to have a significant impact or risk on the Company.

7.6.12 The final adjudicated or pending contentious or non-contentious business or administrative disputes of the directors, supervisors, general manager, substantial responsible person, major shareholders holding over 10% of the shares, the results may have a significant impact on shareholder equity or securities prices should be disclosed: None

7.6.13 Other important risks and corresponding measures: None

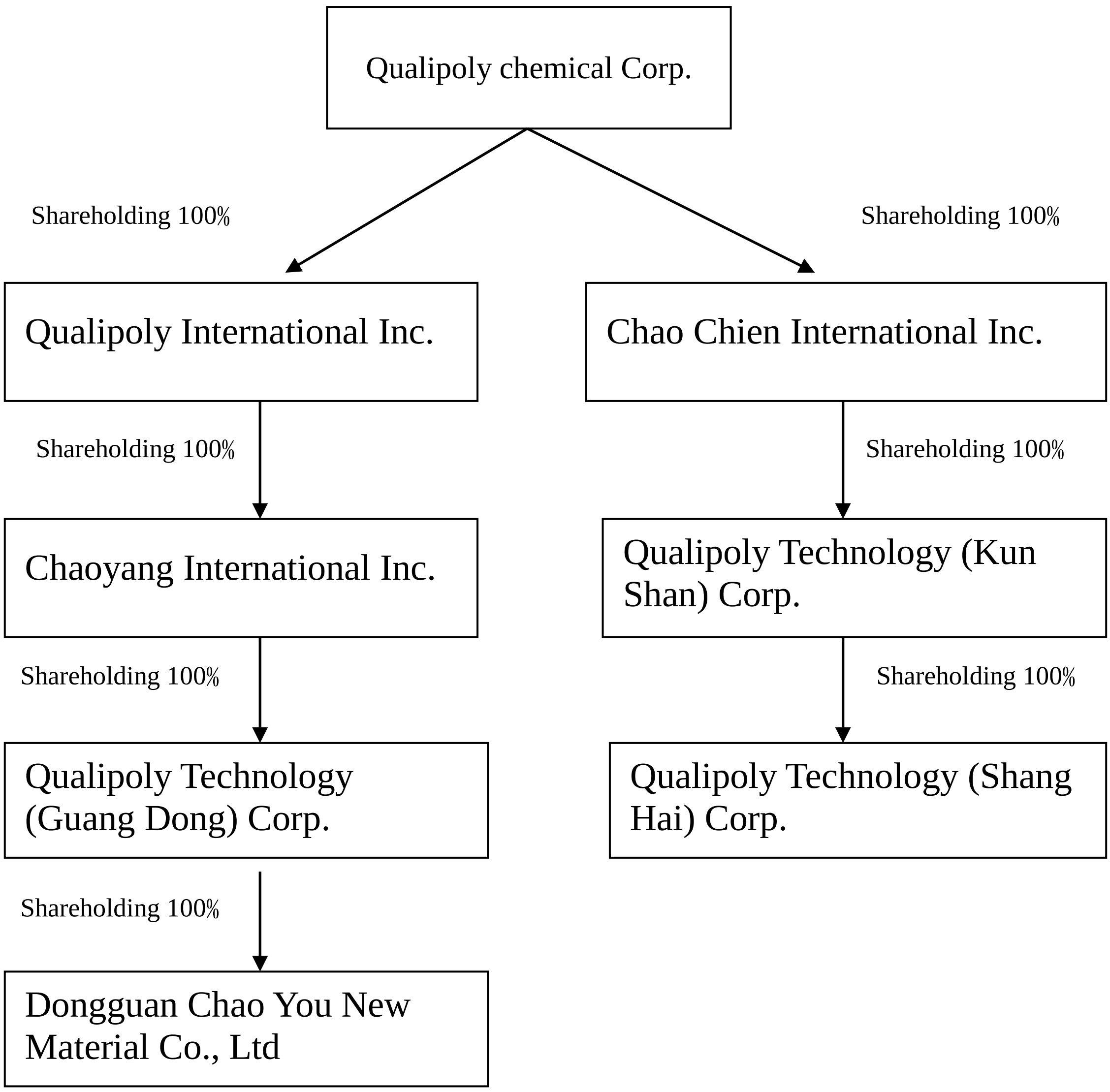
7.7 Other important matters: None

VIII. Special Notes

8.1 Information about the Company's Affiliates

8.1.1 Consolidated business report about the Company's affiliates

1. Organizational chart about company's affiliates



2. Information about the Company's affiliates

Unit: NT$ thousand

Company	Date of establishment	Address	Paid-in Capital	Major business or production
Qualipoly International Inc.	2001.06.19	Offshore Chambers, P.O. Box 217, Apia, Samoa	US $ 8,730	General investment and international trading business
Chao Chien International Inc.	2003.09.05	TrustNet Chambers, Lotemau Centre, P.O. Box 1225, Apia, Samoa	US $ 2,169	General investment and international trading business
Chaoyang International Inc.	2006.08.22	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	US $ 9,806	General investment and international trading business
Qualipoly Technology (Guang Dong) Corp.	2001.07.25	No.18&20, Huanzhen Rd., Longbang Industrial Development Zone, Duran Town, Jiangmen City, Guangdong Province, China	US $ 6,500	Manufacturing and sales of unsaturated polyester resin, alkyd resin, and amino resin.
Qualipoly Technology (Kun Shan) Corp.	2015.06.09	Room 804, No.8, Lane 231, Greenland Avenue, Huaqiao Town, Kunshan City, Jiangsu Province, China	US $ 2,500	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins, and coating resins.
Qualipoly Technology (Shang Hai) Corp.	2018.05.15	Suite A37, Floor 4, No. 2278-5, Zhaozhong Highway, Zhonggu Town, Qingpu District, Shanghai, China	CNY$3,000	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins, and coating resins.
Dongguan Chao you New Material Co., Ltd	2018.07.26	No. 1110, Floor 11, Lianhe Building, Dongcheng South Rd., Dongguan City, China	CNY$3,500	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins, and coating resins.

(1) Presumptive controlled and subsidiary relationships under Article 369-3 of the Company Act: Not applicable.

(2) Industries covered by the business operations of all related enterprises. (If there are mutual relations between the business operations of each related enterprise, the division of operation should be explained.)

Company	Major business & production	Business relationship with the Company
Qualipoly International Inc.	General investment and international trading business	Overseas holding companies invested by the Company.
Chao Chien International Inc.	General investment and international trading business	Overseas holding companies invested by the Company.
Chaoyang International Inc.	General investment and international trading business	Overseas holding companies invested by the Company.
Qualipoly Technology (Guang Dong) Corp.	Manufacturing and sales of unsaturated polyester resin, alkyd resin, and amino resin.	The company provides technical and administrative support.
Qualipoly Technology (Kun Shan) Corp.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins, and coating resins.	The company provides sales business and administrative support.
Qualipoly Technology (Shang Hai) Corp.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins, and coating resins.	The company provides sales business and administrative support.
Dongguan Chao you New Material Co., Ltd	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins, and coating resins.	The company provides sales business and administrative support.

3. The shareholding and investment of directors, supervisors, and general managers of each related company in the enterprise.

（1）The shareholding and investment of directors, supervisors, and general managers of each related company in the enterprise：

Unit: dollars, shares

Company	Position	Name or presentative	Shareholding	
			Shares	%
Qualipoly International Inc.	Director	Qualipoly chemical Corp.：Tsai Yu Liang	8,730,000	100%
Chao Chien International Inc.	Director	Qualipoly chemical Corp.：Tsai Yu Liang	2,169,000	100%
Chaoyang International Inc.	Director	Qualipoly International Inc.：Tsai Yu Liang	9,805,738	100%
Qualipoly Technology (Guang Dong) Corp.	Director	Chaoyang International Inc.：Tsai Ching Yuan	US $ 6,500,000	100%
Qualipoly Technology (Kun Shan) Corp.	Director	Chao Chien International Inc.：Tsai Yu Liang	US $ 2,500,000	100%
Qualipoly Technology (Shang Hai) Corp.	Director	Qualipoly Technology (Kun Shan) Corp.：Su Hsin Lung	CNY$3,000,000	100%
Dongguan Chao you New Material Co., Ltd	Director	Qualipoly Technology (Guang Dong) Corp.：Tsai Ching Yuan	CNY$3,500,000	100%

（2）Operation profile about the Company’s affiliates

Unit: NT$ thousand

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating gains (losses)	Net gains (losses)	Earnings per share
Qualipoly International Inc.	325,843	731	325,112	0	(58)	(6,721)	325,843	0.77)
Chao Chien International Inc.	262,731	13,961	248,770	0	(25)	31,317	262,731	14.44
Chaoyang International Inc.	309,198	0	309,198	0	0	(6,581)	309,198	(0.67)
Qualipoly Technology (Guang Dong) Corp.	271,642	34,208	237,434	346,823	(8,247)	(2,965)	271,642	Note
Qualipoly Technology (Kun Shan) Corp.	158,068	23,760	134,308	240,239	6,538	2,607	158,068	Note
Qualipoly Technology (Shang Hai) Corp.	6,747	(1,044)	7,791	1,682	(1,922)	(1,892)	6,747	Note
Dongguan Chao you New Material Co., Ltd	52,742	23,365	29,377	65,180	4,552	4,561	52,742	Note

Note：As a limited company, it is not applicable.

8.1.2 Consolidated financial statements about the Company's affiliates: please refer Appendix .

8.1.3 Report about the Company's affiliates: None

8.2 Private Securities in the Past Year and as of the Date of Publication of the Annual Report: None.

8.3 Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report: None

8.4 Other Necessary Supplementary Notes: None

8.5 Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Law: None

IX. Other Disclosure

9.1 The Evaluation Criteria and Basis for the Provision Method of Asset and Liability Accounts

(1) Foreign currency translation

Items included in the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses.'

B. Translation of foreign operations

(a) The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(2) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
   (a) Liabilities that are expected to be settled within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be settled within twelve months from the balance sheet date;
   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(3) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
D. Dividends income are recognized in consolidated comprehensive income statements when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(4) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
   The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue in the consolidated statement of comprehensive income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(5) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(6) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost transfer is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating costs.

(7) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(8) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including auxiliary facilities)	1 ～ 55 years
Machinery	1 ～ 20 years
Transportation equipment	2 ～ 15 years
Office equipment	3 ～ 15 years
Other equipment	1 ～ 25 years

(10) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, and less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(11) Intangible assets

A. Licences

Licences are recognized at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(12) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill will not be reversed in subsequent years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(13) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(14) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(15) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(17) Employee stock-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. When the Group issues employee stock options to employees, the grant date is the date the Board of Directors approves and confirms the purchase price and the number of employee stock options to employees.

(18) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(19) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

A. Sales of goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognized based on the contract price net of sales discount. Sales discounts and allowances are granted to customers due to consumer complaint, recognition of contract price deviation and contract prepayment. The Group's revenue is recognized upon delivery of goods for domestic sales and upon shipment of goods for export sales, it is highly likely that there will be no significant reversal of sales in the future. The estimation is subject to an assessment at each reporting date. A credit item to accounts receivable is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Sales are usually paid in cash or through the issuance of a letter of credit before delivery and have an average credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

9.2 Risk Management Organization and Responsible Unit

Major risk assessment	Department of sponsor	Risk review and control department
Change in interest rates, exchange rates and inflation	Financial Dept.	Senior manager
High-risk, high-leverage investments, lending funds to others, derivative financial products, financial investments	Financial Dept.	Senior manager
Future research plans and expected R&D expenses	R&D Division	General Manager
Domestic and international important policies and legal changes	Operating Committee、Financial Dept.、Administration Dept.	General Manager
Technological and industry changes	Sales & Marketing Dept.、R&D Division	General Manager
Enterprise image changes	Operating Committee	General Manager
Expansion of plant	Production Dept.	General Manager
Concentration of purchases & sales	Sales & Marketing Dept.、Purchasing Division	General Manager
Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors and Shareholders Holding More Than 10% of the Company's Shares	Financial Dept.、Stock Dept.	Senior manager
Changes in management control	Financial Dept.	Senior manager

9.3 Other Necessary Supplementary Notes

In order to establish a sound system for internal significant information processing and disclosing, and to avoid improper data breach, as well as to ensure consistency and accuracy in the Company's external information disclosure, we have established procedures for handling significant internal information. These procedures have been approved by the Board of Directors and made public to all employees, and has been disclosed on the Company's website (http://chinese.qualipoly.com.tw/)

Appendix

2023 Consolidated Financial Statements
2023 Parent Company Only Financial Statement

<u>QUALIPOLY CHEMICAL CORP.</u>

<u>Declaration of Consolidated Financial Statements of Affiliated Enterprises</u>

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

QUALIPOLY CHEMICAL CORP.

March 8, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Qualipoly Chemical Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Qualipoly Chemical Corp. and subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Assessment of the adequacy of allowance for doubtful notes and accounts receivable

Description

Refer to Note 4(10) for accounting policies on impairment of financial asset, Note 5(2) for uncertainty of accounting estimates and assumptions on notes and accounts receivable and Note 6(3) for details of notes and accounts receivable, net. As of December 31, 2023, the carrying amounts of notes and accounts receivable and allowance for uncollectible accounts were NT$919,170 thousand and NT$25,861 thousand, respectively.

The Group's provision policies on allowance for uncollectible accounts takes into account the customers' characteristics, historical experience of collection, the economic situation in the country where the customer is located and customers' financial status in order to comprehensively assess the collectability of receivable accounts from non-related parties, and apply the modified approach using a provision matrix to estimate loss rate for different ranges in the aging of receivables which will be used in determining the amount of the loss provision.

As the determination of the allowance for uncollectible accounts involves management's subjective judgments and a high degree of estimation uncertainty, and considering that the carrying amounts of notes and accounts receivable and allowance for uncollectible accounts are material to the consolidated financial statements, we considered the assessment of the adequacy of allowance for doubtful notes and accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the policy and procedures to recognize allowance for uncollectible accounts.
2. Verified the correctness of the aging classification of notes and accounts receivable to ascertain whether the information reflected in the aging report is consistent with the Group’s policies.
3. Selected samples and reviewed the reasonableness of the loss rate for each ageing range, which was used as basis of management in determining the provision for uncollectible accounts.
4. Tested the report used in the valuation of notes and accounts receivable and assessed the adequacy of allowance for notes and accounts receivable.

Valuation of inventories

Description

Refer to Note 4(9) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation and Note 6(4) for details of inventories and allowance for valuation loss. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation losses were NT$903,723 thousand and NT$70,218 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of UV curable materials, unsaturated polyester resins (UP resins) and synthetic resin with various usages, etc. The valuation of these inventories is subject to market demand in different channels, changes in technology and other factors. Thus, there is a risk of inventory valuation losses or obsolescence. The Group’s inventories are measured at the lower of cost and net realizable value. For inventories that are over a certain age and individually identified as obsolete, the net realizable value is evaluated based on the inventory clearance and historical data of discounts.

As the provision of allowance for inventory valuation losses involves management's subjective judgements and a high degree of estimation uncertainty and considering that the carrying amounts of inventories and allowance for valuation losses are material to the consolidated financial statements, we considered the valuation of allowance for inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of the procedures used to identify and control obsolete inventories.
3. Verified the correctness of inventory aging report to ascertain whether the information reflected in the aging report is consistent with the Group's policies.
4. Tested the report used in the inventory valuation and assessed the adequacy of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Qualipoly Chemical Corp. as of and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory

Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue 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 Group 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 Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

Tien, Chung-Yu

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 211,308	4	$ 503,198	11
1110	Financial assets at fair value through profit or loss - current	6(2)	7,010	-	17,174	-
1150	Notes receivable, net	5(2) and 6(3)	121,727	3	110,151	3
1170	Accounts receivable, net	5(2) and 6(3)	771,582	16	622,722	14
1200	Other receivables		27,817	1	11,740	-
130X	Inventory	5(2) and 6(4)	833,505	18	1,038,194	23
1410	Prepayments		84,320	2	46,965	1
1479	Other current assets		5,927	-	7,155	-
11XX	**Total current assets**		2,063,196	44	2,357,299	52
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	131,884	3	132,239	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	56,840	1	56,840	1
1600	Property, plant and equipment	6(6) and 8	1,516,205	33	1,532,791	34
1755	Right-of-use assets	6(7)	21,126	-	22,587	-
1780	Intangible assets	6(8)(9)	74,672	2	73,366	2
1840	Deferred income tax assets	6(26)	35,317	1	38,369	1
1915	Prepayments for equipment	6(6)	683,226	15	272,903	6
1920	Guarantee deposits paid	6(6)	58,589	1	57,603	1
1975	Net defined benefit asset, non-current	6(14)	185	-	191	-
1990	Other non-current assets		6,299	-	7,454	-
15XX	**Total non-current assets**		2,584,343	56	2,194,343	48
1XXX	**Total assets**		$ 4,647,539	100	$ 4,551,642	100

(Continued)

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 121,621	3	$ 112,614	3
2110	Short-term notes and bills payable	6(11)	470	-	1,036	-
2150	Notes payable		138,316	3	106,227	2
2170	Accounts payable		268,445	6	163,821	4
2200	Other payables	6(12)	129,696	3	247,687	5
2230	Current income tax liabilities	6(26)	60,966	1	100,732	2
2280	Lease liabilities - current	6(7)	704	-	696	-
2320	Long-term liabilities, current portion	6(13) and 8	80,000	2	90,000	2
2399	Other current liabilities	6(19)	12,872	-	11,736	-
21XX	**Total current liabilities**		813,090	18	834,549	18
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	893,935	19	737,638	16
2570	Deferred income tax liabilities	6(26)	50,875	1	72,254	2
2580	Lease liabilities - non-current	6(7)	712	-	1,416	-
25XX	**Total non-current liabilities**		945,522	20	811,308	18
2XXX	**Total liabilities**		1,758,612	38	1,645,857	36
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(15)	1,000,092	22	1,000,092	22
3200	Capital surplus	6(16)(17)	420,051	8	410,471	9
	Retained earnings	6(18)				
3310	Legal reserve		412,729	9	381,218	8
3320	Special reserve		8,476	-	35,942	1
3350	Unappropriated retained earnings		1,059,495	23	1,086,538	24
3400	Other equity interest		(11,916)	-	(8,476)	-
3XXX	**Total equity**		2,888,927	62	2,905,785	64
	Significant Contingent Liabilities ad Unrecognized Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 4,647,539	100	$ 4,551,642	100

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

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	$ 3,454,793	100	$ 4,224,680	100
5000	Operating costs	6(4)(7)(8)(14)(24)(25) and 7	(2,927,080)	(85)	(3,462,414)	(82)
5900	Operating margin		527,713	15	762,266	18
	Operating expenses	6(7)(8)(14)(16)(24)(25), 7 and 12				
6100	Selling expenses		(198,960)	(6)	(263,837)	(6)
6200	General and administrative expenses		(118,953)	(3)	(121,734)	(3)
6300	Research and development expenses		(50,169)	(1)	(53,373)	(1)
6450	Excepted credit gains		6,270	-	5,469	-
6000	Total operating expenses		(361,812)	(10)	(433,475)	(10)
6900	Operating profit		165,901	5	328,791	8
	Non-operating income and expenses					
7100	Interest income	6(20)	2,498	-	1,461	-
7010	Other income	6(21)	54,438	1	83,658	2
7020	Other gains and losses	6(2)(22)	724	-	(468)	-
7050	Finance costs	6(6)(7)(23)	(10,711)	-	(12,076)	(1)
7000	Total non-operating income and expenses		46,949	1	72,575	1
7900	**Profit before income tax**		212,850	6	401,366	9
7950	Income tax expense	6(26)	(45,824)	(1)	(86,323)	(2)
8200	**Profit for the year**		$ 167,026	5	$ 315,043	7
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(14)	($ 9)	-	$ 91	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	2	-	(18)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(4,300)	-	34,332	1
8399	Income tax relating to the components of other comprehensive income	6(26)	860	-	(6,866)	-
8300	**Other comprehensive (loss) income for the year**		($ 3,447)	-	$ 27,539	1
8500	**Total comprehensive income for the year**		$ 163,579	5	$ 342,582	8
	Profit attributable to:					
8610	Owners of the parent		$ 167,026	5	$ 315,043	7
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 163,579	5	$ 342,582	8
	Earnings per shares (in dollars)	6(27)				
9750	Basic		$ 1.67		$ 3.15	
9850	Diluted		$ 1.67		$ 3.14	

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

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
			Capital Reserves			Retained Earnings			Other Equity Interest	
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Employee stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
For the year ended December 31, 2022										
Balance at January 1, 2022		$1,000,092	$ 386,806	$ 23,371	$ -	$ 344,440	$ 27,252	$ 1,036,910	($ 35,942)	$2,782,929
Profit for the year		-	-	-	-	-	-	315,043	-	315,043
Other comprehensive income for the year		-	-	-	-	-	-	73	27,466	27,539
Total comprehensive income		-	-	-	-	-	-	315,116	27,466	342,582
Distribution of 2021 earnings:										
Legal reserve		-	-	-	-	36,778	-	(36,778)	-	-
Special reserve	6(18)	-	-	-	-	-	8,690	(8,690)	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(220,020)	-	(220,020)
Compensation cost recognized in employee stock options	6(16)(25)	-	-	-	294	-	-	-	-	294
Balance at December 31, 2022		$1,000,092	$ 386,806	$ 23,371	$ 294	$ 381,218	$ 35,942	$ 1,086,538	($ 8,476)	$2,905,785
For the year ended December 31, 2023										
Balance at January 1, 2023		$1,000,092	$ 386,806	$ 23,371	$ 294	$ 381,218	$ 35,942	$ 1,086,538	($ 8,476)	$2,905,785
Profit for the year		-	-	-	-	-	-	167,026	-	167,026
Other comprehensive loss for the year		-	-	-	-	-	-	(7)	(3,440)	(3,447)
Total comprehensive income (loss)		-	-	-	-	-	-	167,019	(3,440)	163,579
Distribution of 2022 earnings:										
Legal reserve		-	-	-	-	31,511	-	(31,511)	-	-
Special reserve	6(18)	-	-	-	-	-	(27,466)	27,466	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(190,017)	-	(190,017)
Compensation cost recognized in employee stock options	6(16)(25)	-	-	-	9,580	-	-	-	-	9,580
Balance at December 31, 2023		$1,000,092	$ 386,806	$ 23,371	$ 9,874	$ 412,729	$ 8,476	$ 1,059,495	($ 11,916)	$2,888,927

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

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	For the years ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 212,850	$ 401,366
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss	6(2)(22)	(2,283)	84,620
Expected credit gain	12	(6,270)	(5,469)
(Reversal of allowance) provision for inventory market price decline	6(4)	(18,510)	39,738
Depreciation	6(6)(7)(24)	64,063	59,533
(Gain) loss on disposal of property, plant and equipment	6(22)	(118)	23
Amortization	6(8)(24)	1,708	3,359
Prepayments for equipment transferred to expense	6(28)	266	-
Interest income	6(20)	(2,498)	(1,461)
Dividend income	6(21)	(32,845)	(79,472)
Exchange (gain) loss	6(29)	(717)	4
Finance costs	6(23)	10,711	12,076
Compensation cost recognized in employee stock options	6(16)(25)	9,580	294
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		12,785	13,922
Notes receivable		(11,576)	71,744
Accounts receivable		(142,491)	448,937
Other receivables		(6,294)	6,139
Inventories		223,676	(57,097)
Prepayments		(37,355)	15,680
Other current assets		1,228	4,921
Net defined benefits assets - non-current		(3)	(1)
Changes in operating liabilities			
Notes payable		32,089	(111,225)
Accounts payable		104,624	(81,575)
Other payables		(118,240)	(45,823)
Other current liabilities		1,136	(8,273)
Cash inflow generated from operations		295,516	771,960
Interest received		2,498	1,461
Dividends received	6(28)	25,590	74,993
Interest paid		(10,462)	(11,912)
Income tax paid		(103,055)	(106,652)
Net cash flows from operating activities		210,087	729,850

(Continued)

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortized cost - current		$ -	$ 45,835
Increase in financial assets at fair value through other comprehensive income - non-current	6(5) and 12(3)	-	(56,840)
Proceeds from disposal of property, plant and equipment		1,664	125
Acquisition of intangible assets	6(8)	(3,025)	(185)
Increase in prepayments for equipment		(455,162)	(371,689)
Interest paid for prepayments for equipment	6(6)(23)	(6,834)	(1,028)
(Increase) decrease in guarantee deposits paid		(986)	8,123
Decrease (increase) in other non-current assets		1,155	(431)
Net cash flows used in investing activities		(463,188)	(376,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(29)	9,724	(186,504)
Decrease in short-term notes and bills payable	6(29)	(566)	(1,520)
Payments for lease liabilities	6(29)	(696)	(688)
Increase in long-term borrowings	6(29)	416,297	260,138
Decrease in long-term borrowings	6(29)	(270,000)	(2,500)
Payments for cash dividends	6(18)	(190,017)	(220,020)
Net cash flows used in financing activities		(35,258)	(151,094)
Effect of foreign exchange		(3,531)	6,817
Net (decrease) increase in cash and cash equivalents		(291,890)	209,483
Cash and cash equivalents at beginning of year	6(1)	503,198	293,715
Cash and cash equivalents at end of year	6(1)	$ 211,308	$ 503,198

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

QUALIPOLY CHEMICAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Qualipoly Chemical Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) in November 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture and sales UV curable materials, unsaturated polyester resins (UP resins) and synthetic resin with various usages, etc. For the subsidiaries’ scope of business, refer to Note 4(3), ‘Basis of consolidation’.

(2) The shares of the Company had been traded on the Taipei Exchange since December 2001 and listed on the Taiwan Stock Exchange since August 2012.

2. The Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investors	Name of subsidiaries	Business activities	December 31, 2023	December 31, 2022
Qualipoly Chemical Corp.	Qualipoly International Inc.	General investment and international trading business	100.00	100.00

			Ownership (%)	
Name of investors	Name of subsidiaries	Business activities	December 31, 2023	December 31, 2022
Qualipoly Chemical Corp.	Chao Chien International Inc.	General investment and international trading business	100.00	100.00
Qualipoly International Inc.	Chaoyang International Inc.	General investment and international trading business	100.00	100.00
Chao Chien International Inc.	Qualipoly Technology (Kunshan) Corp.	Sale of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resins	100.00	100.00
Chaoyang International Inc.	Qualipoly Technology (Guangdong) Corp.	Manufacture and sale of unsaturated polyester resin, alkyd resin, and aminoalkyd resin	100.00	100.00
Qualipoly Technology (Kunshan) Corp.	Qualipoly Technology (Shanghai) Corp.	Sale of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resins	100.00	100.00
Qualipoly Technology (Guangdong) Corp.	Dongguan Chao You New Material Co., Ltd	Sale of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resins	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: Not applicable.

(4) Foreign currency translation

Items included in the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses.'

B. Translation of foreign operations

(a) The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
(b) Assets held mainly for trading purposes;
(c) Assets that are expected to be realized within twelve months from the balance sheet date;
(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
(a) Liabilities that are expected to be settled within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be settled within twelve months from the balance sheet date;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. Dividends income are recognized in consolidated comprehensive income statements when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue in the consolidated statement of comprehensive income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost transfer is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating costs.

(10) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including auxiliary facilities)	1 ～ 55 years
Machinery	1 ～ 20 years
Transportation equipment	2 ～ 15 years
Office equipment	3 ～ 15 years
Other equipment	1 ～ 25 years

(13) <u>Leasing arrangements (lessee)－right-of-use assets/lease liabilities</u>

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, and less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

  (a) The amount of the initial measurement of lease liability; and

  (b) Any lease payments made at or before the commencement date.

  The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(14) Intangible assets

A. Licences

  Licences are recognized at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

  Goodwill arises in a business combination accounted for by applying the acquisition method.

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill will not be reversed in subsequent years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(16) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Employee stock-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. When the Group issues employee stock options to employees, the grant date is the date the Board of Directors approves and confirms the purchase price and the number of employee stock options to employees.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(23) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognized based on the contract price net of sales discount. Sales discounts and allowances are granted to customers due to consumer complaint, recognition of contract price deviation and contract prepayment. The Group's revenue is recognized upon delivery of goods for domestic sales and upon shipment of goods for export sales, it is highly likely that there will be no significant reversal of sales in the future. The estimation is subject to an assessment at each reporting date. A credit item to accounts receivable is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Sales are usually paid in cash or through the issuance of a letter of credit before delivery and have an average credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of notes and accounts receivable

(a) The Group applies the modified approach using a provision matrix to estimate expected credit loss, taking into account the customers' characteristics, historical experience of collection, economic situation in the country where the customer is located, and the customers' financial status. Because the expected credit loss was measured and calculated based on the loss rate of the asset, thus, significant impairment loss will occur when the expected credit loss was greater than estimation in the future.

(b) As of December 31, 2023, the carrying amount of notes and accounts receivable was $893,309.

B. Valuation of inventories

(a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the effects from market demand in different channels, changes in technology and other factors, the Group assesses the amounts of normal consumption, obsolescence or without market value, and wrote off the inventory cost to net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

(b) As of December 31, 2023, the carrying amount of inventories was $833,505.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand and revolving funds	$ 488	$ 807
Checking accounts and demand deposits	210,820	502,391
	$ 211,308	$ 503,198

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, the Group had no cash and cash equivalents pledged to others as collateral.

(2) Financial assets at fair value through profit or loss

Assets	December 31, 2023		December 31, 2022	
Current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Listed stocks	$	8,976	$	14,400
Forward foreign exchange contracts		360		-
		9,336		14,400
Valuation adjustment	(	2,326)		2,774
	$	7,010	$	17,174
Non-current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Unlisted stocks	$	78,784	$	78,797
Valuation adjustment		53,100		53,442
	$	131,884	$	132,239

A. The Group recognized net gains (losses) amounting to $2,283 and ($84,620) (listed as 'Other gains and losses') on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
Derivative financial assets	Contract amount (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	USD 500	12.2023~2.2024

There was no such situation as of December 31, 2022.

The Group entered into forward foreign exchange contracts, to hedge exchange risks arising from exchange rate changes in operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. As of December 31, 2023 and 2022, the Group has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 121,727	$ 110,151
Accounts receivable	$ 797,443	$ 654,952
Less: Allowance for uncollectible accounts	(25,861)	(32,230)
	$ 771,582	$ 622,722

A. The aging analysis of notes receivable and accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Notes receivable		
Within the credit period	$ 121,727	$ 110,151
Accounts receivable		
Within the credit period	$ 736,242	$ 558,879
Overdue 1 to 30 days	43,523	71,118
Overdue 31 to 90 days	6,112	14,972
Overdue 91 to 150 days	3,369	2,302
Overdue over 151 days	8,197	7,681
	$ 797,443	$ 654,952

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,287,198.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

D. As of December 31, 2023 and 2022, the Group had no notes and accounts receivable pledged to others as collateral.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 369,804	($ 22,033)	$ 347,771
Supplies	18,131	(303)	17,828
Work in progress	86,076	(9,602)	76,474
Finished goods	429,712	(38,280)	391,432
	$ 903,723	($ 70,218)	$ 833,505

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 470,423	($ 34,887)	$ 435,536
Supplies	14,160	(197)	13,963
Work in progress	133,981	(15,048)	118,933
Finished goods	508,835	(39,073)	469,762
	$ 1,127,399	($ 89,205)	$ 1,038,194

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 2,953,580	$ 3,426,979
Loss on scrapped inventories	2,071	1,511
(Reversal of allowance) provision for inventory market price decline (Note)	(18,510)	39,738
Gain on physical inventories	(9,019)	(5,061)
Sales from sales of scraps	(1,042)	(753)
	$ 2,927,080	$ 3,462,414

(Note) For the year ended December 31, 2023, the Group reversed a previous inventory write-down as a result of subsequent sales and scraps of certain inventories which were previously provided with allowance.

(5) Financial assets at fair value through other comprehensive income – non-current

Assets	December 31, 2023	December 31, 2022
Equity instruments		
Unlisted stocks	$ 56,840	$ 56,840

A. On March 9, 2022, the Group invested $56,840 in Electroninks, Inc. The purpose of the investment was to enter the field of international intermediate-level electronic materials, thereby enhancing the opportunity of transformation of the Group's high value added products and upgrading the Group's image and value.

B. The Group has elected to classify the investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As of December 31, 2023 and 2022, the fair value of these investments is approximately the book value.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.

D. As of December 31, 2023 and 2022, the Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), ‘Financial instruments’.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Other equipment	Total
January 1, 2023							
Cost	$ 954,398	$ 395,840	$ 855,394	$ 91,382	$ 5,826	$ 217,014	$ 2,519,854
Accumulated depreciation	-	(169,518)	(580,224)	(62,039)	(3,849)	(171,433)	(987,063)
	$ 954,398	$ 226,322	$ 275,170	$ 29,343	$ 1,977	$ 45,581	$ 1,532,791
For the year ended December 31, 2023							
At January 1	$ 954,398	$ 226,322	$ 275,170	$ 29,343	$ 1,977	$ 45,581	$ 1,532,791
Transfers from prepayments for equipment	-	13,498	17,039	5,450	565	12,327	48,879
Depreciation	-	(14,367)	(35,844)	(5,452)	(442)	(6,915)	(63,020)
Disposal - cost	-	-	(479)	-	-	(2,506)	(2,985)
- accumulated depreciation	-	-	443	-	-	996	1,439
Net exchange differences	-	(446)	(261)	(18)	-	(174)	(899)
At December 31	$ 954,398	$ 225,007	$ 256,068	$ 29,323	$ 2,100	$ 49,309	$ 1,516,205
December 31, 2023							
Cost	$ 954,398	$ 407,751	$ 869,707	$ 96,715	$ 6,391	$ 225,218	$ 2,560,180
Accumulated depreciation	-	(182,744)	(613,639)	(67,392)	(4,291)	(175,909)	(1,043,975)
	$ 954,398	$ 225,007	$ 256,068	$ 29,323	$ 2,100	$ 49,309	$ 1,516,205

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Other equipment	Total
January 1, 2022							
Cost	$ 916,776	$ 353,427	$ 804,180	$ 86,399	$ 5,818	$ 210,936	$ 2,377,536
Accumulated depreciation	-	(156,193)	(545,304)	(57,485)	(3,945)	(164,630)	(927,557)
	$ 916,776	$ 197,234	$ 258,876	$ 28,914	$ 1,873	$ 46,306	$ 1,449,979
For the year ended December 31, 2022							
At January 1	$ 916,776	$ 197,234	$ 258,876	$ 28,914	$ 1,873	$ 46,306	$ 1,449,979
Transfers from prepayments for equipment	37,622	41,178	49,645	5,362	533	6,248	140,588
Depreciation	-	(12,549)	(33,560)	(4,919)	(395)	(7,065)	(58,488)
Disposal - cost	-	-	(181)	(470)	(525)	(1,425)	(2,601)
- accumulated depreciation	-	-	166	434	491	1,362	2,453
Net exchange differences	-	459	224	22	-	155	860
At December 31	$ 954,398	$ 226,322	$ 275,170	$ 29,343	$ 1,977	$ 45,581	$ 1,532,791
December 31, 2022							
Cost	$ 954,398	$ 395,840	$ 855,394	$ 91,382	$ 5,826	$ 217,014	$ 2,519,854
Accumulated depreciation	-	(169,518)	(580,224)	(62,039)	(3,849)	(171,433)	(987,063)
	$ 954,398	$ 226,322	$ 275,170	$ 29,343	$ 1,977	$ 45,581	$ 1,532,791

A. As of December 31, 2023 and 2022, the Group's property, plant and equipment were all for own use.

B. Amount of borrowing costs capitalized as part of prepayments for equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2023	2022
Amount capitalized	$ 6,834	$ 1,028
Interest rate	1.00%~1.80%	1.00%

C. To satisfy the requirement of the Company's operating development in the future, in June 2021, the Company was approved by the Industrial Development Bureau to apply for the purchase of the land on No. 862-7 in Tainan Technology Industrial Park. The area was 27,846.45 square meters, at a price of $20,600 (in dollars) per square meter, and the total price of the land was $573,637. The payment and transfer had been completed. Additionally, in accordance with regulations, relative to the construction of the plant, the Group had to pay guarantee to Industrial Development Bureau in the amount of $57,392 (listed as 'Guarantee deposits paid'), which will be returned without interest after the construction is completed.

D. As of December 31, 2023 and 2022, information about the Group's property, plant and equipment pledged to others as collateral is provided in Note 8, 'Pledged Assets'.

(7) Leasing arrangements－lessee

A. Starting from 2002 to 2008, the Group entered into a use right contract for land located in Jiangmen City, Guangdong Province, China in the amount of $29,775 (RMB 6,766 thousand), with a lease term of 47.2 to 50 years. All rentals had been paid on the contract signing date. Of the total amount, RMB 2,848 thousand pertains to long-term prepaid rent. As of December 31, 2023, the Group had not received the certificate of use right of national land. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The Company leases assets including buildings. Rental contracts are typically made for period from February 1, 2021 to January 31, 2026. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose special covenants.

C. The carrying amount of right-of-use assets and the depreciation are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 19,734	$ 20,499
Buildings	1,392	2,088
	$ 21,126	$ 22,587

	For the years ended December 31,	
	2023	2022
	Depreciation	Depreciation
Land	$ 347	$ 349
Buildings	696	696
	$ 1,043	$ 1,045

D. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 24	$ 32
Expense on short-term lease contracts	3,053	3,517
Expense on leases of low-value assets	649	347
	$ 3,726	$ 3,896

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $4,422 and $4,584, respectively.

(8) Intangible assets

	For the year ended December 31, 2023		
	Goodwill	Others	Total
At January 1			
Cost	$ 71,766	$ 32,618	$ 104,384
Accumulated amortization	-	(31,018)	(31,018)
	$ 71,766	$ 1,600	$ 73,366
At January 1	$ 71,766	$ 1,600	$ 73,366
Additions－acquired separately	-	3,025	3,025
Amortization	-	(1,708)	(1,708)
Net exchange differences	(11)	-	(11)
At December 31	$ 71,755	$ 2,917	$ 74,672
At December 31			
Cost	$ 71,755	$ 35,643	$ 107,398
Accumulated amortization	-	(32,726)	(32,726)
	$ 71,755	$ 2,917	$ 74,672

	For the year ended December 31, 2022		
	Goodwill	Others	Total
<u>At January 1</u>			
Cost	$ 64,685	$ 32,433	$ 97,118
Accumulated amortization	-	(27,659)	(27,659)
	$ 64,685	$ 4,774	$ 69,459
At January 1	$ 64,685	$ 4,774	$ 69,459
Additions－acquired separately	-	185	185
Amortization	-	(3,359)	(3,359)
Net exchange differences	7,081	-	7,081
At December 31	$ 71,766	$ 1,600	$ 73,366
<u>At December 31</u>			
Cost	$ 71,766	$ 32,618	$ 104,384
Accumulated amortization	-	(31,018)	(31,018)
	$ 71,766	$ 1,600	$ 73,366

A. No interest was capitalized for the years ended December 31, 2023 and 2022.

B. Details of amortization expense on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	$ 65	$ -
Selling expenses	1,578	3,359
General and administrative expenses	65	-
	$ 1,708	$ 3,359

C. The Group’s goodwill was generated as a result of the acquisition of equity interest in Qualipoly Technology (Guang Dong) Corp. in 2006. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amounts, so goodwill was not impaired. Goodwill is allocated as follows to the cash-generating units identified according to operating segment:

	December 31, 2023	December 31, 2022
Qualipoly Technology (Guang Dong) Corp.	$ 71,755	$ 71,766

D. For the details about valuation of impairment of intangible assets – goodwill, refer to Note 6(9).

E. As of December 31, 2023 and 2022, the Group had no intangible assets pledged to others as collateral.

(9) <u>Impairment of non-financial assets</u>

A. For the years ended December 31, 2023 and 2022, no impairment loss was recognized by the Group.

B. The Group tests annually for impairment the recoverable amount of goodwill. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets in the future of cash generating units. The cash flows of financial budget were prepared based on the estimates of the growth of annual revenue, gross profit and capital expenditures. Management determined budgeted gross margin and growth rate based on past performance and their expectations of market development. The discount rate applied reflects the risks specific to the related operating segments and the current market assessments of the time value of money. For the years ended December 31, 2023 and 2022, the related discount rates were 8.51% and 9.44%, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	$ 71,621	1.65%~6.28%	None
Secured bank borrowings	50,000	1.65%	Land and buildings
	$ 121,621		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	$ 99,063	1.60%～5.52%	None
Secured bank borrowings	13,551	1.35%	Land and buildings
	$ 112,614		

For more information on interest expenses recognized in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Financial costs'.

(11) Short-term notes and bills payable

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Acceptance payable	$ 470	—	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Acceptance payable	$ 1,036	—	None

A. Acceptance payables were accepted by Mega International Commercial Bank and other financial institutions who guaranteed to pay the cash amount to the bearer without any conditions at specific dates.

B. For more information on interest expenses recognized in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Financial costs'.

(12) Other payables

	December 31, 2023	December 31, 2022
Payroll and bonus payable	$ 70,321	$ 92,047
Export expenses payable	6,935	7,947
Remuneration for directors payable	5,625	10,625
Employees' compensation payable	2,812	5,313
Others	44,003	131,755
	$ 129,696	$ 247,687

(13) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	2021.9.9～2041.11.1	1.76%	Land and buildings	$ 603,580
Unsecured borrowings	2022.3.23～2029.8.15	1.25%～1.65%	None	370,355
				973,935
Less: Current portion				(80,000)
				$ 893,935

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2021.9.9～2041.11.1	1.61%	Land and buildings	$ 633,580
Unsecured borrowings	2022.3.23～2029.8.15	1.13%～1.45%	None	194,058
				827,638
Less: Current portion				(90,000)
				$ 737,638

For more information on interest expenses recognized in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Financial costs'.

(14) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act of R.O.C, covering all regular employees' service years prior to the enforcement of the Labor Pension Act of R.O.C on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7.70% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The Company's total contributions to the defined pension benefit deposited with Bank of Taiwan had reached the amount which the company can suspend appropriation of contributions, in accordance with "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds of R.O.C". On July 30, 2020, through the approval of the labor pension reserve supervision committee, starting from August 1, 2020 to July 31, 2024, the Company can suspend its contributions to the labor pension reserve fund. On August 7, 2020, August 4, 2021, July 21, 2022 and August 2, 2023, the suspension has been approved by the Kaohsiung City Labor Affairs Bureau. The information in relation to the defined benefit pension plan of the Company was as follows:

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 640)	($ 617)
Fair value of plan assets	825	808
Net defined benefit assets	$ 185	$ 191

(b) Movements in net defined benefit assets are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	($ 617)	$ 808	$ 191
Interest (expense) income	(9)	12	3
	(626)	820	194
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5	5
Change in financial assumptions	(9)	-	(9)
Experience adjustments	(5)	-	(5)
	(14)	5	(9)
At December 31	($ 640)	$ 825	$ 185

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	($ 646)	$ 745	$ 99
Interest (expense) income	(5)	6	1
	(651)	751	100
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	57	57
Change in financial assumptions	43	-	43
Experience adjustments	(9)	-	(9)
	34	57	91
At December 31	($ 617)	$ 808	$ 191

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.375%	1.50%
Future salary increase rate	3.00%	3.00%

Future mortality rate was estimated both based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 19)	$ 20	$ 19	($ 19)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 20)	$ 21	$ 20	($ 19)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $－.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 12.1 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	$	-
Next 2～5 years		131
Next Over 5 years		68
	$	199

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The subsidiaries, Qualipoly Technology (Kunshan) Corp., Qualipoly Technology (Guangdong) Corp., Qualipoly Technology (Shanghai) Corp. and Dongguan Chao You New Material Co., Ltd., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentages of employees' monthly salaries and wages. The contribution percentages for the years ended December 31, 2023 and 2022 were both 13%～19%. Other than the monthly contributions, the subsidiaries have no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $12,812 and $12,257, respectively.

(15) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	For the years ended December 31,	
	2023	2022
Beginning and ending balance	$ 100,009	$ 100,009

B. As of December 31, 2023, the Company's authorized capital was $1,200,000, and the paid-in capital was $1,000,092, consisting of 100,009 thousand shares of ordinary stock with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(16) Share-based payment

A. Employee stock options:

(a) On December 21, 2022, the Company issued compensatory stock option plan of 3,000 units, and the exercise price was $34 (in dollars) per unit, which was set based on the closing price of the Company's ordinary share on the day of issuance. Employees can subscribe for 1,000 ordinary shares per unit of the options. If there is an increase in the Company's issued ordinary shares after the issuance of stock options, the exercise price is adjusted according to a specific formula, except for the increase caused by the conversion into ordinary shares from various securities with conversion options or stock options issued by the Company or the issuance of new shares due to employees' compensation. The life of the options is 4 years. After 2 years from the date of grant, employees may exercise the options in accordance with terms of employee stock options. For the years ended December 31, 2023 and 2022, the Company's compensation cost due to employee stock options amounted to $9,580 and $294, respectively.

(b) Details of the share-based payment arrangements are as follows:

	For the year ended December 31, 2023	
Share option	Quantity (units in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,000	$ 34.00
Options forfeited	(40)	-
Options abandoned	(20)	-
Options outstanding at December 31	2,940	32.20
Options exercisable at December 31	-	-

	For the year ended December 31, 2022	
Share option	Quantity (units in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	3,000	34.00
Options outstanding at December 31	3,000	34.00
Options exercisable at December 31	-	-

(c) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	December 21, 2022
Dividend yield	0%
Expected price volatility	25.94%
Risk-free interest rate	1.10%
Expected duration	3 years
Fair value in dollars (per share)	$ 6.51(in dollars)

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. In accordance with the R.O.C. Company Act, the Company shall set aside 10% of current year's profit after taxes as legal reserve, until the legal reserve equals to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. The residual amount will be provisioned as or reversed from special reserve in accordance with regulations. The remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders at the stockholder's meeting. When distributing earnings, the Company takes into consideration the industrial environment, financial plans, sustainable operations, stable development and shareholders' interest as follows:

(a) Conditions and timing of dividend distribution:

Currently, the Company is in a stable stage, thus, the appropriation of earnings takes into consideration future operating development, strong financial structure, stable dividends and reasonable returns for shareholders. The distribution of dividends shall be proposed by the Board of Directors and approvel by the shareholders.

(b) Appropriation ratio of cash dividends and stock dividends:

The Company distributes shareholders' dividends in the form of cash or stock, of which cash dividends shall comprise at least 20% of the total dividends distributed. However, if the cash dividend per share is less than $0.5 (in dollars), it can be distributed as stock dividends. The actual appropriation ratio and form of distribution shall be set by the Board of Directors based on the Company's financial situation and capital budget.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The special surplus reserve (reversed) appropriated in 2023 and 2022 amounted to ($27,466) and $8,690, respectively. As of December 31, 2023, the outstanding balance of the above special surplus reserve was $8,476.

D. On March 9, 2023 and May 30, 2022, the shareholders during their meeting resolved the distribution of cash dividends from 2022 and 2021 earnings in the amounts of $190,017 ($1.9 (in dollars) per share) and $220,020 ($2.2 (in dollars) per share), respectively. On March 8, 2024, the Board of Directors resolved the distribution of cash dividends of $100,009 ($1.0 (in dollars) per share) from 2023 earnings.

(19) Operating revenue

A. The Group derives revenue from contracts with customers which are recognized at a point in time. Revenue is divided into the following major product lines:

	For the year ended December 31, 2023			
	Qualipoly Chemical Corp.	Qualipoly Technology (Guangdong) Corp.	Others	Total
Synthetic resin	$ 2,709,384	$ 340,936	$ 298,529	$ 3,348,849
Others	102,683	2,292	969	105,944
	$ 2,812,067	$ 343,228	$ 299,498	$ 3,454,793

	For the year ended December 31, 2022			
	Qualipoly Chemical Corp.	Qualipoly Technology (Guangdong) Corp.	Others	Total
Synthetic resin	$ 3,368,651	$ 420,478	$ 325,339	$ 4,114,468
Others	98,642	1,737	9,833	110,212
	$ 3,467,293	$ 422,215	$ 335,172	$ 4,224,680

B. The Group has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current (listed as 'Other current liabilities')	$ 4,615	$ 3,656	$ 11,957

Revenue recognized that was included in the contract liabilities at the beginning of the year were

$2,643 and $11,489 for the years ended December 2023 and 2022, respectively.

(20) Interest income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Bank deposits	$ 2,498	$ 1,461

(21) Other income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Dividend income	$ 32,845	$ 79,472
Rental income	2,940	24
Other income	18,653	4,162
	$ 54,438	$ 83,658

(22) Other gains and losses

	For the years ended December 31, 2023	For the years ended December 31, 2022
Gains (losses) on financial assets at fair value through profit or loss	$ 2,283	($ 84,620)
Net foreign exchange (losses) gains	(1,599)	84,248
Gains (losses) on disposal of property, plant and equipment	118	(23)
Other losses	(78)	(73)
	$ 724	($ 468)

(23) Finance costs

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interest expense:		
Bank borrowings	$ 17,521	$ 13,072
Lease liabilities	24	32
	17,545	13,104
Less: Capitalization of qualifying assets	(6,834)	(1,028)
	$ 10,711	$ 12,076

(24) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 177,393	$ 171,864	$ 349,257
Depreciation	51,815	12,248	64,063
Amortization	65	1,643	1,708
	$ 229,273	$ 185,755	$ 415,028

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 182,604	$ 193,418	$ 376,022
Depreciation	47,951	11,582	59,533
Amortization	-	3,359	3,359
	$ 230,555	$ 208,359	$ 438,914

(25) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 148,563	$ 135,975	$ 284,538
Employees' compensation	-	9,580	9,580
Labour and health insurance fees	14,552	11,149	25,701
Pension costs	6,598	6,211	12,809
Other personnel expenses	7,680	8,949	16,629
	$ 177,393	$ 171,864	$ 349,257

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 155,943	$ 167,197	$ 323,140
Employees' compensation	-	294	294
Labour and health insurance fees	13,885	11,206	25,091
Pension costs	6,258	5,998	12,256
Other personnel expenses	6,518	8,723	15,241
	$ 182,604	$ 193,418	$ 376,022

A. Under the Company's Articles of Incorporation, employees' compensation and directors' remuneration shall be distributed at a ratio of not lower that 1% but not more than 1.5% of current year's earnings, and not more than 3% of current year's earnings, respectively. However, if the Company has an accumulated deficit, the earnings shall be reserved to cover the deficit.

B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at $2,812 and $5,313, respectively; while directors' remuneration were accrued at $5,625 and $10,625, respectively. The aforementioned amounts were recognized in salary expenses. The expense recognized was accrued based on the profit of current year as prescribed by Company's Articles of Incorporation. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of directors were $5,313 and $10,625, respectively, which were the same with the amounts recognized in the financial statements for the year ended December 31, 2022. On March 8, 2024, the employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were $2,812 and $5,625, respectively, and the employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 64,391	$ 104,735
Tax on undistributed surplus earnings	6,053	5,115
Prior year income tax over estimation	(7,155)	(2,499)
	63,289	107,351
Deferred tax:		
Origination and reversal of temporary differences	(17,465)	(21,028)
Income tax expense	$ 45,824	$ 86,323

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Remeasurements of defined benefit obligations	($ 2)	$ 18
Currency translation differences	(860)	6,866
	($ 862)	$ 6,884

(c) Reconciliation between income tax expense and accounting profit:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 42,531	$ 83,820
Effects from items disallowed by tax regulation	4,395	(113)
Tax on undistributed surplus earnings	6,053	5,115
Prior year income tax over estimation	(7,155)	(2,499)
Income tax expense	$ 45,824	$ 86,323

(Note) The basis for computing the income tax is the rates applicable in the respective countries where the Group's entities operate.

B. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for bad debts	$ 4,596	($ 1,647)	$ -	$ 2,949
Loss on inventories from market decline	14,820	(5,580)	-	9,240
Pensions	12,809	-	2	12,811
Book tax difference in the timing of revenue recognition	-	2,014	-	2,014
Unrealized exchange loss	-	2,611	-	2,611
Currency translation differences	2,004	-	860	2,864
Others	4,140	(1,312)	-	2,828
	$ 38,369	($ 3,914)	$ 862	$ 35,317
Deferred income tax liabilities				
Temporary differences:				
Investment income	($ 57,876)	$ 19,967	$ -	($ 37,909)
Pensions	(12,894)	-	-	(12,894)
Book tax difference in the timing of revenue recognition	(1,009)	1,009	-	-
Gain on unrealized evaluation of financial assets	-	(72)	-	(72)
Unrealized exchange gain	(475)	475	-	-
	($ 72,254)	$ 21,379	$ -	($ 50,875)
	($ 33,885)	$ 17,465	$ 862	($ 15,558)

	For the year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for bad debts	$ 4,596	$ -	$ -	$ 4,596
Loss on inventories from market decline	7,280	7,540	-	14,820
Pensions	12,827	-	(18)	12,809
Unrealized exchange loss	79	(79)	-	-
Currency translation differences	8,870	-	(6,866)	2,004
Others	7,590	(3,450)	-	4,140
	$ 41,242	$ 4,011	($ 6,884)	$ 38,369
Deferred income tax liabilities				
Temporary differences:				
Investment income	($ 75,189)	$ 17,313	$ -	($ 57,876)
Pensions	(12,893)	(1)	-	(12,894)
Book tax difference in the timing of revenue recognition	(1,189)	180	-	(1,009)
Unrealized exchange gain	-	(475)	-	(475)
	($ 89,271)	$ 17,017	$ -	($ 72,254)
	($ 48,029)	$ 21,028	($ 6,884)	($ 33,885)

C. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. As of March 8, 2024, the Company was not involved in any administration lawsuit.

(27) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 167,026	100,009	$ 1.67
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 167,026	100,009	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	107	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 167,026	100,116	$ 1.67

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 315,043	100,009	$ 3.15
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 315,043	100,009	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	196	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 315,043	100,205	$ 3.14

The Company's employee stock options had an anti-dilutive effect, so they were not included in the calculation of diluted earnings per share.

(28) Supplemental cash flow information

A. Operating activities with partial cash receipts:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Dividend income	$ 32,845	$ 79,472
Add: Beginning balance of other receivables	4,479	-
Less: Ending balance of other receivables	(11,734)	(4,479)
Cash dividends received	$ 25,590	$ 74,993

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31, 2023	For the years ended December 31, 2022
(a) Write-offs of allowance for uncollectible accounts	$ -	$ 1,414
(b) Prepayments for equipment transferred to other receivables	$ 2,528	$ -
(c) Prepayments for equipment transferred to property, plant and equipment	$ 48,879	$ 140,588
(d) Prepayments for equipment transferred to expense	$ 266	$ -

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Total
January 1, 2023	$ 112,614	$ 1,036	$ 2,112	$ 827,638	$ 943,400
Changes in cash flow from financing activities	9,724	(566)	(696)	146,297	154,759
Changes in other non-cash items	(717)	-	-	-	(717)
December 31, 2023	$ 121,621	$ 470	$ 1,416	$ 973,935	$ 1,097,442

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Total
January 1, 2022	$ 299,114	$ 2,556	$ 2,800	$ 570,000	$ 874,470
Changes in cash flow from financing activities	(186,504)	(1,520)	(688)	257,638	68,926
Changes in other non-cash items	4	-	-	-	4
December 31, 2022	$ 112,614	$ 1,036	$ 2,112	$ 827,638	$ 943,400

7. Related Party Transactions

Key management compensation:

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 31,666	$ 36,830
Post-employment benefits	548	467
	$ 32,214	$ 37,297

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset item	December 31, 2023	December 31, 2022	Purpose
Land (Note)	$ 750,705	$ 750,705	Short-term borrowings, long-term borrowings and borrowing facilities
Buildings, net (Note)	44,485	46,813	Short-term borrowings, long-term borrowings and borrowing facilities
Other equipment, net (Note)	3,594	4,364	Facilities of long-term borrowings
	$ 798,784	$ 801,882	

(Note) Listed as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023 and 2022, the Group's other significant contingent liabilities and unrecognized contract commitments were as follows:

(1) The outstanding letters of credit issued but not negotiated were $83,074 and $47,932, respectively.

(2) Capital expenditures contracted but not yet incurred are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 505,656	$ 684,634

(3) Endorsements/guarantees by the Company to the subsidiaries:

Counterparty	Description	December 31, 2023	December 31, 2022
Qualipoly Technology (Guangdong) Corp.	Guarantee for financing	$ -	$ 46,065
Qualipoly Technology (Kunshan) Corp.	Guarantee for financing	-	46,065
		$ -	$ 92,130

As of December 31, 2023 and 2022, the actual amounts drawn from the endorsements and guarantees were $－ and $16,751, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 138,894	$ 149,413
Financial assets at fair value through other comprehensive income	$ 56,840	$ 56,840
Financial assets at amortized cost		
Cash and cash equivalents	$ 211,308	$ 503,198
Notes receivable	121,727	110,151
Accounts receivable	771,582	622,722
Other receivables	27,817	11,740
Guarantee deposits paid	58,589	57,603
	$ 1,191,023	$ 1,305,414
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 121,621	$ 112,614
Short-term notes and bills payable	470	1,036
Notes payable	138,316	106,227
Accounts payable	268,445	163,821
Other payables	129,696	247,687
Long-term borrowings (including current portion)	973,935	827,638
	$ 1,632,483	$ 1,459,023
Lease liabilities	$ 1,416	$ 2,112

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effect on the financial performance of the Group, derivative instruments are used to hedge based on situation.

(b) Risk management is carried out by the Group's treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various currency, primarily with respect to the USD, AUD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Group has certain sales and purchases denominated in USD and other foreign currencies. Exchange rates would affect the fair value in the market. When commercial transactions occur in the future, recognized assets or liabilities do not price at the functional foreign currency of the entity, the exchange risk will occur.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.

iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD and the subsidiaries' functional currencies: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 13,331	30.705	$ 409,328
AUD:NTD	1,810	20.98	37,974
RMB:NTD	7,480	4.327	32,366
GBP:NTD	346	39.15	13,546
Non-monetary items			
RMB:USD	29,637	0.1408	131,884
Financial liabilities			
Monetary items			
USD:NTD	1,281	30.705	39,333

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,913	30.71	$ 304,428
AUD:NTD	3,120	20.83	64,990
RMB:NTD	5,400	4.408	23,803
JPY:NTD	120,818	0.2324	28,078
GBP:NTD	560	37.09	20,770
EUR:NTD	381	32.72	12,466
Non-monetary items			
RMB:USD	29,712	0.1406	132,239
Financial liabilities			
Monetary items			
USD:NTD	469	30.71	14,403

v. The sensitivity analysis of foreign exchange risk is mainly focused on the foreign currency items at the end of financial reporting date. If the exchange rate of NTD to all foreign currency had decreased/increased by 1% with all other variables remaining constant, the profit or loss for the years ended December 31, 2023 and 2022 would have increased/decreased by $3,631 and $3,521, respectively.

vi. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to ($1,599) and $84,248, respectively.

<u>Price risk</u>

i. The Group is exposed to the price risk of equity securities because of investments held by the Group and classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on the consolidated balance sheet. To manage the price risk arising from equity securities, the Group strictly evaluates investment activities and pre-sets a “stop loss”, so the Group does not expect material price risk.

ii. The sensitivity analysis of price risk of equity securities is calculated from fair value changes at the end of balance sheet date. If the price of these equity securities had increased/decreased by 1% with all other variables remaining constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,385 and $1,542, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income would have increased/decreased by $568 for both years, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

<u>Cash flow and fair value interest rate risk</u>

i. The Group’s borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $140 and $105, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. In line with the credit risk management policies, if the contract payments were past due within 90 days, the proceeds are within normal collection period. However, the defaults occur past due over 90 days.

iv. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the forecastability to adjust historical and timely information to assess the default possibility of receivables, whrerby the rate ranging from 0.94%～100% are applied to the provision matrix. Movements in relation to the Group applying the modified approach to provide loss allowance for receivables are as follows:

For the year ended December 31, 2023	Individual	Group	Total
At January 1	$ -	$ 32,230	$ 32,230
Expected credit gains	-	(6,270)	(6,270)
Effect of foreign exchange	-	(99)	(99)
At December 31	$ -	$ 25,861	$ 25,861

For the year ended December 31, 2022	Individual	Group	Total
At January 1	$ -	$ 39,041	$ 39,041
Expected credit gains	-	(5,469)	(5,469)
Write-offs of uncollectible receivables	-	(1,414)	(1,414)
Effect of foreign exchange	-	72	72
At December 31	$ -	$ 32,230	$ 32,230

(c) Liquidity risk

i. The Group's treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities and ensure the Group has sufficient financial flexibility.

ii. Surplus cash held by the operating entities exceeded the requirement of working capital management. The Group's treasury department aggregately invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 890,900	$ 1,111,068
Expiring over one year	1,113,166	1,039,462
Fixed rate:		
Expiring within one year	17,308	63,916
	$ 2,021,374	$ 2,214,446

The facilities expiring within one year are annual facilities subject to review at various dates during the next year. The other facilities are for the Group's operating capital.

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 122,266	$ -	$ -	$ -
Short-term notes and bills payable	470	-	-	-
Notes payable	138,316	-	-	-
Accounts payable	268,445	-	-	-
Other payables	129,696	-	-	-
Lease liabilities (including current and non-current)	720	720	-	-
Long-term borrowings (including current portion)	94,856	120,412	389,096	476,241

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 113,194	$ -	$ -	$ -
Short-term notes and bills payable	1,036	-	-	-
Notes payable	106,227	-	-	-
Accounts payable	163,821	-	-	-
Other payables	247,687	-	-	-
Lease liabilities (including current and non-current)	720	720	720	-
Long-term borrowings (including current portion)	100,669	46,835	261,419	508,188

v. The Group does not expect the maturity date to end early nor the actual cash flow to be significantly materially different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivatives is included in Level 2.

Level3: Unobservable inputs for the asset or liability. The Group's investments in equity instruments without active market is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables and long-term borrowings (including current portion)) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets as of December 31, 2023 and 2022 are as follows:

(a) The related information on the nature of the assets is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 360	$ -	$ 360
Equity securities	6,650	-	131,884	138,534
	$ 6,650	$ 360	$ 131,884	$ 138,894
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 56,840	$ 56,840

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 17,174	$ -	$ 132,239	$ 149,413
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 56,840	$ 56,840

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used closing price as their fair values (that is, Level 1).

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary to reasonably represent the fair value of financial and non-financial instruments at consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2, nor transfer into or out from Level 3.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
At January 1	$ 189,079	$ 203,466
Aquired during the year	-	56,840
Losses recognized in profit or loss	(338)	(90,741)
Net exchange differences	(17)	19,514
At December 31	$ 188,724	$ 189,079

(Note) For the years ended December 31, 2021 and 2022, there was no valuation for the Level 3 equity securities, because the difference was not material between the fair value and the carrying amount.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted stocks	$ 196,468	Net assets value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

	December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted stocks	$ 193,872	Net assets value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ 1,402	($ 1,402)	$ 563	($ 563)

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ 1,370	($ 1,370)	$ 568	($ 568)

13. Supplementary Disclosures

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital or more: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2), 'Financial assets and liabilities at fair value through profit or loss'.

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Refer to table 8.

14. Segment Information

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's organization basis of identification and measurement of segment information had no significant changes in this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on a measure of profit or loss before taxes. The accounting policies of operating segments were consistent with the summary of significant accounting policies as described in the Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023			
	Qualipoly Chemical Corp.	Qualipoly Technology (Guangdong) Corp.	Others	Total
Segment revenue	$ 3,063,708	$ 346,823	$ 306,517	$ 3,717,048
Inter-segment revenue	(251,641)	(3,595)	(7,019)	(262,255)
Revenue from external customers	2,812,067	343,228	299,498	3,454,793
Interest income	1,414	544	540	2,498
Finance costs	10,248	162	301	10,711
Segment profit (loss) before income tax	207,537	(2,976)	32,609	237,170
Segment assets	3,979,392	242,266	425,881	4,647,539
Segment liabilities	1,698,552	27,197	32,863	1,758,612

	For the year ended December 31, 2022			
	Qualipoly Chemical Corp.	Qualipoly Technology (Guangdong) Corp.	Others	Total
Segment revenue	$ 3,753,713	$ 432,798	$ 343,021	$ 4,529,532
Inter-segment revenue	(286,420)	(10,583)	(7,849)	(304,852)
Revenue from external customers	3,467,293	422,215	335,172	4,224,680
Interest income	364	960	137	1,461
Finance costs	11,157	-	919	12,076
Segment profit (loss) before income tax	384,525	16,615	(2,032)	399,108
Segment assets	3,769,211	328,665	453,766	4,551,642
Segment liabilities	1,570,549	25,214	50,094	1,645,857

(4) Reconciliation information about segment income (loss), assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. The total amount of segment revenue and consolidated operating revenue and a reconciliation of reportable segment income or loss before tax were provided as follows:

	For the years ended December 31,	
	2023	2022
Revenue from reportable segments	$ 3,410,531	$ 4,186,511
Revenue from other operating segments	306,517	343,021
Inter-segment revenue	(262,255)	(304,852)
Operating revenue	$ 3,454,793	$ 4,224,680

	For the years ended December 31,	
	2023	2022
Reportable segment income before tax	$ 204,561	$ 401,140
Other segment income (loss) before tax	32,609	(2,032)
Inter-segment (loss) income	(24,320)	2,258
Profit before income tax	$ 212,850	$ 401,366

B. The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are measured in a manner consistent with that of the Group's consolidated financial statements, thus, there was no need for reconciliation.

(5) Information on product and service

Revenue from external customers is mainly from the production and sales of UV curable materials, unsaturated polyester resins (UP resins) and synthetic resin with various usages, etc. Details of revenue for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Synthetic resin	$ 3,348,849	$ 4,114,468
Others	105,944	110,212
Operating revenue	$ 3,454,793	$ 4,224,680

(6) Geographical information

Geographical information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue (Note 1)	Non-current assets (Note 2)	Revenue (Note 1)	Non-current assets (Note 2)
Taiwan	$ 928,873	$ 2,163,678	$ 960,183	$ 1,763,920
Asia	1,403,543	138,035	1,759,574	145,372
Europe	551,133	-	665,680	-
North America	256,315	-	396,252	-
South America	70,090	-	133,029	-
Others	244,839	-	309,962	-
	$ 3,454,793	$ 2,301,713	$ 4,224,680	$ 1,909,292

(Note 1) The revenue is classified by the country where the customer is located.

(Note 2) Non-current assets exclude financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current, deferred income tax assets and guarantee deposits paid.

(7) Information on major customers

The major customer which accounted for more than 10% of the Group's consolidated operating revenues for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue	Department	Revenue	Department
Group A	$ 634,073	Taiwan	$ 784,045	Taiwan

Qualipoly Chemical Corp. and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Endorser/guarantor	Endorsed/Guaranteed: Company name	Endorsed/Guaranteed: Relationship	Endorsement for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Qualipoly Chemical Corp.	Qualipoly Technology (Guang Dong) Corp.	Subsidiaries	$ 2,888,927	$ 47,130	$ -	$ -	$ -	—	$ 2,888,927	Y	N	Y	—
		Qualipoly Technology (Kun Shan) Corp.	Subsidiaries	2,888,927	47,130	-	-	-	—	2,888,927	Y	N	Y	—

(Note 1) 1. Limit of total endorsement/guarantee of the Company to others, the limit of total endorsement/guarantee to single party is 10% of the Company's net worth, except for subsidiaries who owned over 90% ownership held by the Company, the limit is 100% of the Company's net worth.

2. The endorsement/guarantee arises from business relationship, except for the limit mentioned above, the individual limit on endorsement/guarantee shall not exceed the transaction amount. The transaction amount is the higher value of purchasing or selling during the year.

(Note 2) Foreign currencies are translated into New Taiwan Dollars with exchange rates as of Decemder 31, 2023 as follows: USD:NTD 1:30.705; RMB:NTD 1:4.327).

Qualipoly Chemical Corp. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	No. of shares (in thousands of units or shares)	Book value	Ownership	Fair value	Footnote
Qualipoly Chemical Corp.	Stocks:							
	Nan Ya Plastics Corp.	—	Financial assets at fair value through profit or loss - current	100	$ 6,650	0.001%	$ 6,650	—
	ELECTRONINKS INCORPORATED	—	Financial assets at fair value through other comprehensive income - non-current	1,044	56,840	2.47%	56,263	—
Qualipoly International Inc.	Stocks:							
	Tianjin Yabang Chemical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	-	15,584	19.00%	15,156	—
Chao Chien International Inc.	Stocks:							
	Zhangzhou Yabang Chemical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	-	72,028	19.00%	65,265	—
	Zhangzhou Newsolar Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	-	44,272	9.09%	59,784	—

Qualipoly Chemical Corp. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Qualipoly Chemical Corp.	Qualipoly Technology (Kun Shan) Corp.	Subsidiaries	Sale	($ 173,865)	(6%)	Collect in 120 days after monthly billings	$ -	(Note 2)	$ 8,378	1%	—

(Note 1) As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required.

(Note 2) Collected in 90 days after monthly billings.

Qualipoly Chemical Corp. and Subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 4 Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			
				Items	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Qualipoly Chemical Corp.	Qualipoly Technology (Kun Shan) Corp.	1	Sales	$ 173,865	Collect in 120 days after monthly billings	5%
		Qualipoly Technology (Guang Dong) Corp.	1	Sales	29,105	Collect in 90 days after monthly billings	1%
		Dongguan Chao You New Material Co., Ltd.	1	Sales	48,671	Collect in 120 days after monthly billings	1%
				Accounts receivable	19,531	—	—

(Note 1) As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amountiong to more than $10,000 are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is “0”.

(2) The subsidiaries are numbered in order starting from “1”.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on for the period to consolidated total operating revenue for income statement accounts.

(Note 5) Foreign currencies are translated into New Taiwan Dollars with exchange rates as of Decemder 31, 2023 as follows: USD:NTD 1:30.705; RMB:NTD 1:4.327).

Qualipoly Chemical Corp. and Subsidiaries

Information on investees

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance at December 31, 2023	Initial investment amount: Balance at December 31, 2022	Shares held as of December 31, 2023: Number of shares	Shares held as of December 31, 2023: Ownership (%)	Shares held as of December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized for the year ended December 31, 2023	Footnote
Qualipoly Chemical Corp.	Qualipoly International Inc.	Samoa	General investment and international trading business	$ 268,055	$ 268,055	8,730,000	100.00	$ 323,272	($ 6,721)	($ 6,928)	Subsidiaries
Qualipoly Chemical Corp.	Chao Chien International Inc.	Samoa	General investment and international trading business	66,599	66,599	2,169,000	100.00	247,247	31,317	31,248	Subsidiaries
Qualipoly International Inc.	Chaoyang International Inc.	Samoa	General investment and international trading business	301,085	301,085	9,805,738	100.00	309,198	(6,581)	-	Subsidiaries (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized during the year.
(Note 2) Foreign currencies are translated into New Taiwan Dollars at with exchange rates as of December 31, 2023 as follows: USD:NTD 1:30.705.

Qualipoly Chemical Corp. and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2023

Table 6 | Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China at December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Qualipoly Technology (Kun Shan) Corp.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resin	$ 76,763	(Note 1)	$ 76,763	$ -	$ -	$ 76,763	$ 2,607	100.00	$ 2,607	$ 134,308	$ -	(Note 4)
Qualipoly Technology (Guang Dong) Corp.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	199,583	(Note 2)	289,279	-	-	289,279	(2,965)	100.00	(2,965)	309,188	125,649	(Note 4)
Qualipoly Technology (Shang Hai) Corp.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resin	12,967	(Note 1)	-	-	-	-	(1,892)	100.00	(1,892)	7,791	-	(Note 4)
Dongguan Chao You New Material Co., Ltd.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resin	15,128	(Note 2)	-	-	-	-	4,561	100.00	4,561	29,377	-	(Note 4)
Tianjin Yabang Chemical Co., Ltd.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	86,448	(Note 3)	14,094	-	-	14,094	-	19.00	-	15,584	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China at December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Zhangzhou Yabang Chemical Co., Ltd.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	$ 168,395	(Note 1)	$ 20,419	$ -	$ -	$ 20,419	$ -	19.00	$ -	$ 72,028	$ 193,989	-
Zhangzhou Newsolar Technology Co., Ltd.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	475,464	(Note 1)	44,272	-	-	44,272	-	9.09	-	44,272	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China at December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Qualipoly Chemical Corp.	$ 444,827	$ 459,816	$ 1,733,356

(Note 1) Through an existing company (Chao Chien International Inc.) located in the third area, invest in the investee in Mainland China.

(Note 2) Formerly held by the Qualipoly International Inc., which was established in the third area, however, because of the adjustment of investment structure from September 2006, the Company reinvested in the investee in Mainland China by investing and establishing Chaoyang International Inc. in the third area through Qualipoly International Inc.

(Note 3) Through investing in an existing company (Qualipoly International Inc.) located in the third area, invest in the investee in Mainland China.

(Note 4) The Company recognized income (loss) based on the audited financial statements.

(Note 5) The ceiling amount was 60% of the parent Company only net worth or consolidated net worth (whichever is higher).

(Note 6) Foreign currencies are translated into New Taiwan Dollars at with exchange rates as of December 31, 2023 as follows: USD:NTD 1:30.705.

Qualipoly Chemical Corp. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

	Sales (purchases)		Property transactions		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance for the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest for the year ended December 31, 2023	Others
Qualipoly Technology (Kunshan) Corp.	$ 173,865	6%	$ -	-	$ 8,378	1%	$ -	-	$ -	$ -	-	$ -	$ -
Qualipoly Technology (Guangdong) Corp.	29,105	1%	-	-	6,296	1%	-	-	-	-	-	-	-
Dongguan Chao You New Material Co., Ltd.	48,671	2%	-	-	19,531	3%	-	-	-	-	-	-	-

Qualipoly Chemical Corp. and Subsidiaries

Information on major shareholders

December 31, 2023

Table 8

Unit: shares

Name of major shareholders	Shares		Footnote
	Number of shares held	Ownership (%)	
Chao Chien Investment Inc.	12,530,757	12.52%	—

(Note) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Qualipoly Chemical Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Qualipoly Chemical Corp. (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its 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 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Assessment of the adequacy of allowance for doubtful notes and accounts receivable from non-related parties

Description

Refer to Note 4(9) for accounting policies on impairment of financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions on notes and accounts receivable valuation and Note 6(3) for details of notes and accounts receivable, net. As of December 31, 2023, the carrying amounts of notes and accounts receivable and allowance for uncollectible accounts (excluding related parties) were NT$744,320 thousand and NT$21,064 thousand, respectively.

The Company's provision policies on allowance for uncollectible accounts takes into account the customers' characteristics, historical experience of collection, the economic situation in the country where the customer is located and customers' financial status in order to comprehensively assess the collectability of receivable accounts from non-related parties, and apply the modified approach using a provision matrix to estimate loss rate for different ranges in the aging of receivables which will be used in determining the amount of the loss provision.

As the determination of the allowance for uncollectible accounts involves management's subjective judgments and a high degree of estimation uncertainty, and considering that the carrying amounts of notes and accounts receivable and allowance for uncollectible accounts are material to the parent company only financial statements, we considered the assessment of the adequacy of allowance for doubtful notes and accounts receivable from non-related parties a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the policy and procedures to recognize allowance for uncollectible accounts.
2. Verified the correctness of the aging classification of notes and accounts receivable to ascertain whether the information reflected in the aging report is consistent with the Company's policies.

3. Selected samples and reviewed the reasonableness of the loss rate for each ageing range, which was used as basis of management in determining the provision for uncollectible accounts.

4. Tested the report used in the valuation of notes and accounts receivable and assessed the adequacy of allowance for notes and accounts receivable.

Valuation of inventories

Description

Refer to Note 4(8) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation and Note 6(4) for details of inventories and allowance for valuation loss. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation losses were NT$724,939 thousand and NT$46,199 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of UV curable materials, unsaturated polyester resins (UP resins) and synthetic resin with various usages, etc. The valuation of these inventories is subject to market demand in different channels, changes in technology and other factors. Thus, there is a risk of inventory valuation losses or obsolescence. The Company’s inventories are measured at the lower of cost and net realizable value. For inventories that are over a certain age and individually identified as obsolete, the net realizable value is evaluated based on the inventory clearance and historical data of discounts.

As the provision of allowance for inventory valuation losses involves management’s subjective judgements and a high degree of estimation uncertainty and considering that the carrying amounts of inventories and allowance for valuation losses are material to the parent company only financial statements, we considered the valuation of allowance for inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.

2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of the procedures used to identify and control obsolete inventories.

3. Verified the correctness of inventory aging report to ascertain whether the information reflected in the aging report is consistent with the Company's policies.
4. Tested the report used in the inventory valuation and assessed the adequacy of allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current year 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.

Tien, Chung-Yu

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

QUALIPOLY CHEMICAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 163,493	4	$ 372,719	8
1110	Financial assets at fair value through profit or loss - current	6(2)	7,010	-	17,174	-
1150	Notes receivable, net	5(2) and 6(3)	65,925	1	65,619	2
1170	Accounts receivable, net	5(2) and 6(3)	657,331	14	501,934	11
1180	Accounts receivable - related parties	6(3) and 7	34,205	1	41,026	1
1200	Other receivables		15,897	-	6,713	-
130X	Inventory	5(2) and 6(4)	678,740	15	848,118	19
1410	Prepayments		75,860	2	45,884	1
1479	Other current assets		5,309	-	3,441	-
11XX	**Total current assets**		1,703,770	37	1,902,628	42
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	56,840	1	56,840	1
1550	Investments accounted for under equity method	6(6)	570,519	13	657,497	15
1600	Property, plant and equipment	6(7) and 8	1,474,557	32	1,485,519	33
1755	Right-of-use assets	6(8)	1,392	-	2,088	-
1780	Intangible assets	6(9)	2,917	-	1,600	-
1840	Deferred income tax assets	6(26)	35,140	1	37,916	1
1915	Prepayments for equipment	6(7)	683,226	15	272,903	6
1920	Guarantee deposits paid	6(7)	57,532	1	57,532	2
1975	Net defined benefit asset, non-current	6(14)	185	-	191	-
1990	Other non-current assets		1,401	-	1,620	-
15XX	**Total non-current assets**		2,883,709	63	2,573,706	58
1XXX	**Total assets**		$ 4,587,479	100	$ 4,476,334	100

(Continued)

QUALIPOLY CHEMICAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 121,621	3	$ 95,840	2
2110	Short-term notes and bills payable	6(11)	470	-	1,036	-
2150	Notes payable		138,316	3	106,227	3
2170	Accounts payable		242,888	5	145,688	3
2200	Other payables	6(12)	119,000	3	234,774	5
2230	Current income tax liabilities	6(26)	57,927	1	95,135	2
2280	Lease liabilities - current	6(8)	704	-	696	-
2320	Long-term liabilities, current portion	6(13) and 8	80,000	2	90,000	2
2399	Other current liabilities	6(19)	6,795	-	4,539	-
21XX	**Total current liabilities**		767,721	17	773,935	17
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	893,935	19	737,638	17
2570	Deferred income tax liabilities	6(26)	36,184	1	57,560	1
2580	Lease liabilities - non-current	6(8)	712	-	1,416	-
25XX	**Total non-current liabilities**		930,831	20	796,614	18
2XXX	**Total liabilities**		1,698,552	37	1,570,549	35
	Equity					
	Share capital					
3110	Common stock	6(15)	1,000,092	22	1,000,092	22
3200	Capital surplus	6(16)(17)	420,051	9	410,471	9
	Retained earnings	6(18)				
3310	Legal reserve		412,729	9	381,218	9
3320	Special reserve		8,476	-	35,942	1
3350	Unappropriated retained earnings		1,059,495	23	1,086,538	24
3400	Other equity interest		(11,916)	-	(8,476)	-
3XXX	**Total equity**		2,888,927	63	2,905,785	65
	Significant Contingent Liabilities and Unrecognized Contract Commitments	7 and 9				
3X2X	**Total liabilities and equity**		$ 4,587,479	100	$ 4,476,334	100

The accompanying notes are an integral part of these parent company only financial statements.

QUALIPOLY CHEMICAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Sales revenue	6(19) and 7	$ 3,063,708	100	$ 3,753,713	100
5000	Operating costs	6(4)(8)(9)(14)(24)(25) and 7	(2,604,495)	(85)	(3,096,450)	(83)
5900	Operating margin		459,213	15	657,263	17
5910	Unrealized profit from sales	6(6)	(3,540)	-	(9,052)	-
5920	Realized profit from sales	6(6)	9,052	-	23,005	1
5950	Net operating margin		464,725	15	671,216	18
	Operating expenses	6(8)(9)(14)(16)(24)(25), 7 and 12				
6100	Selling expenses		(162,660)	(5)	(226,341)	(6)
6200	General and administrative expenses		(94,092)	(3)	(95,595)	(3)
6300	Research and development expenses		(50,169)	(1)	(53,373)	(1)
6450	Expected credit gains		7,260	-	6,000	-
6000	Total operating expenses		(299,661)	(9)	(369,309)	(10)
6900	Operating profit		165,064	6	301,907	8
	Non-operating income and expenses					
7100	Interest income	6(20)	1,414	-	364	-
7010	Other income	6(21)	21,467	1	5,056	-
7020	Other gains and losses	6(2)(22)	5,520	-	90,612	2
7050	Finance costs	6(7)(8)(23)	(10,248)	(1)	(11,157)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	6(6)	24,320	1	(2,257)	-
7000	Total non-operating income and expenses		42,473	1	82,618	2
7900	**Profit before income tax**		207,537	7	384,525	10
7950	Income tax expense	6(26)	(40,511)	(2)	(69,482)	(2)
8200	**Profit for the year**		$ 167,026	5	$ 315,043	8
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(14)	($ 9)	-	$ 91	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	2	-	(18)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)	(4,300)	-	34,332	1
8399	Income tax relating to the components of other comprehensive income	6(26)	860	-	(6,866)	-
8300	**Other comprehensive (loss) income for the year**		($ 3,447)	-	$ 27,539	1
8500	**Total comprehensive income for the year**		$ 163,579	5	$ 342,582	9
	Earnings per share (in dollars)	6(27)				
9750	Basic		$	1.67	$	3.15
9850	Diluted		$	1.67	$	3.14

The accompanying notes are an integral part of these parent company only financial statements.

QUALIPOLY CHEMICAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital Reserves: Additional paid-in capital	Capital Reserves: Treasury stock transactions	Capital Reserves: Employee stock options	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other Equity Interest: Financial statements translation differences of foreign operations	Total
For the year ended December 31, 2022										
Balance at January 1, 2022		$1,000,092	$ 386,806	$ 23,371	$ -	$ 344,440	$ 27,252	$1,036,910	($ 35,942)	$2,782,929
Profit for the year		-	-	-	-	-	-	315,043	-	315,043
Other comprehensive income for the year		-	-	-	-	-	-	73	27,466	27,539
Total comprehensive income		-	-	-	-	-	-	315,116	27,466	342,582
Distribution of 2021 earnings:										
Legal reserve		-	-	-	-	36,778	-	(36,778)	-	-
Special reserve	6(18)	-	-	-	-	-	8,690	(8,690)	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(220,020)	-	(220,020)
Compensation cost recognized in employee stock options	6(16)(25)	-	-	-	294	-	-	-	-	294
Balance at December 31, 2022		$1,000,092	$ 386,806	$ 23,371	$ 294	$ 381,218	$ 35,942	$1,086,538	($ 8,476)	$2,905,785
For the year ended December 31, 2023										
Balance at January 1, 2023		$1,000,092	$ 386,806	$ 23,371	$ 294	$ 381,218	$ 35,942	$1,086,538	($ 8,476)	$2,905,785
Profit for the year		-	-	-	-	-	-	167,026	-	167,026
Other comprehensive loss for the year		-	-	-	-	-	-	(7)	(3,440)	(3,447)
Total comprehensive income (loss)		-	-	-	-	-	-	167,019	(3,440)	163,579
Distribution of 2022 earnings:										
Legal reserve		-	-	-	-	31,511	-	(31,511)	-	-
Special reserve	6(18)	-	-	-	-	-	(27,466)	27,466	-	-
Cash dividends	6(18)	-	-	-	-	-	-	(190,017)	-	(190,017)
Compensation cost recognized in employee stock options	6(16)(25)	-	-	-	9,580	-	-	-	-	9,580
Balance at December 31, 2023		$1,000,092	$ 386,806	$ 23,371	$ 9,874	$ 412,729	$ 8,476	$1,059,495	($ 11,916)	$2,888,927

The accompanying notes are an integral part of these parent company only financial statements.

QUALIPOLY CHEMICAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 207,537	$ 384,525
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)(22)	(2,621)	(6,121)
Expected credit gain	12	(7,260)	(6,000)
(Reversal of allowance) provision for inventory market price decline	6(4)	(27,902)	37,702
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(24,320)	2,257
Depreciation	6(7)(8)(24)	58,991	53,865
(Gain) loss on disposal of property, plant and equipment	6(22)	(118)	23
Amortization	6(9)(24)	1,708	3,359
Prepayments for equipment transferred to expense	6(28)	266	-
Unrealized profit from sales	6(6)	3,540	9,052
Realized profit from sales	6(6)	(9,052)	(23,005)
Interest income	6(20)	(1,414)	(364)
Dividend income	6(21)	(300)	(1,121)
Exchange (gain) loss	6(29)	(717)	4
Finance costs	6(23)	10,248	11,157
Compensation cost recognized in employee stock options	6(16)(25)	9,580	294
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		12,785	13,922
Notes receivable		(306)	20,701
Accounts receivable		(148,137)	405,995
Accounts receivable - related parties		6,821	120,043
Other receivables		(6,656)	6,496
Inventories		197,280	(79,264)
Prepayments		(29,976)	14,078
Other current assets		(1,868)	(189)
Net defined benefit asset - non-current		(3)	(1)
Changes in operating liabilities			
Notes payable		32,089	(111,225)
Accounts payable		97,200	(77,892)
Other payables		(116,023)	(49,730)
Other current liabilities		2,256	(8,335)
Cash inflow generated from operations		263,628	720,226
Interest received		1,414	364
Dividends received		112,810	53,175
Interest paid		(9,999)	(10,992)
Income tax paid		(95,457)	(91,765)
Net cash flows from operating activities		272,396	671,008

(Continued)

QUALIPOLY CHEMICAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortized cost - current		$ -	$ 45,835
Increase in financial assets at fair value through other comprehensive income - non-current	6(5) and 12(3)	-	(56,840)
Proceeds from disposal of property, plant and equipment		1,664	125
Acquisition of intangible assets	6(9)	(3,025)	(185)
Increase in prepayments for equipment		(455,162)	(371,554)
Interest paid for prepayments for equipment	6(7)(23)	(6,834)	(1,028)
Decrease in guarantee deposits paid		-	7,970
Decrease in other non-current assets		219	232
Net cash flows used in investing activities		(463,138)	(375,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(29)	26,498	(174,843)
Decrease in short-term notes and bills	6(29)	(566)	(1,520)
Payments for lease liabilities	6(29)	(696)	(688)
Increase in long-term borrowings	6(29)	416,297	260,138
Decrease in long-term borrowings	6(29)	(270,000)	(2,500)
Payments for cash dividends	6(18)	(190,017)	(220,020)
Net cash flows used in financing activities		(18,484)	(139,433)
Net (decrease) increase in cash and cash equivalents		(209,226)	156,130
Cash and cash equivalents at beginning of year	6(1)	372,719	216,589
Cash and cash equivalents at end of year	6(1)	$ 163,493	$ 372,719

The accompanying notes are an integral part of these parent company only financial statements.

QUALIPOLY CHEMICAL CORP.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and organization

(1) Qualipoly Chemical Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law and other related laws in November 1978. The Company is primarily engaged in the manufacture and sales of UV curable materials, unsaturated polyester resins (UP resins) and synthetic resin with various usages, etc.

(2) The shares of the Company have been traded on the Taipei Exchange since December 2001 and listed on the Taiwan Stock Exchange since August 2012.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

3. Application of new Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a)Financial assets (including derivative instruments) at fair value through profit or loss.

(b)Financial assets at fair value through other comprehensive income.

(c)Net defined benefit assets based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty'.

(3) Foreign currency translation

Items included in the Company's parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

(a) The financial performance and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. Dividends income are recognized in parent company only comprehensive income statements when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue in the parent company only statement of comprehensive income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost transfer is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating costs.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Investments accounted for under equity method/subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses on transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its ownership.

D. Pursuant to the Rules "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss in the parent company only financial statements shall equal to amount attributable to owners of the parent in the consolidated financial statements. Owner's equity in the parent company only financial statements shall equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including auxiliary facilities)	1 ~ 55 years
Machinery	1 ~ 20 years
Transportation equipment	2 ~ 15 years
Office equipment	3 ~ 15 years
Other equipment	1 ~ 25 years

(13) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, and less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(14) Intangible assets

Licences is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill will not be reversed in subsequent years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(16) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Employee stock-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. When the Company issues employee stock options to employees, the grant date is the date the Board of Directors approved and confirmed the purchase price and the number of employee stock options to employees.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognized based on the contract price, net of sales discount. Sales discounts and allowances are granted to customers due to consumer complaint, recognition of contract price deviation and contract prepayment. The Company's revenue is recognized upon delivery of goods for domestic sales and upon shipment of goods for export sales, it is highly likely that there will be no significant reversal of sales in the future, and were updated on every balance sheet date. A credit item to accounts receivable is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Sales are usually paid in cash or through the issuance of a letter of credit before delivery and have an average credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of notes and accounts receivable

(a) The Company applies the modified approach using a provision matrix to estimate expected credit loss, taking into account the customers' characteristics, historical experience of collection, economic situation in the country where the customer is located, and the customers' financial status. Because the expected credit loss was measured and calculated based on the loss rate which was built by the asset, thus, if the expected credit loss was greater than estimation in the future, there would be significant impairment loss.

(b) As of December 31, 2023, the carrying amount of notes and accounts receivable (excluding related parties) was $723,256.

B. Valuation of inventories

(a) As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the effects from market demand in different channels, changes in technology and other factors, the Company assesses the amounts of normal consumption, obsolescence or without market value, and wrote off the inventory cost to net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

(b) As of December 31, 2023, the carrying amount of inventories was $678,740.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand and revolving funds	$ 423	$ 664
Checking accounts and demand deposits	163,070	372,055
	$ 163,493	$ 372,719

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, the Company had no cash and cash equivalents pledged to others as collateral.

(2) Financial assets at fair value through profit or loss - current

Assets	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 8,976	$ 14,400
Forward foreign exchange	360	-
	9,336	14,400
Valuation adjustment	(2,326)	2,774
	$ 7,010	$ 17,174

A. The Company recognized net gains amounting to $2,621 and $6,121 (listed as 'Other gains and losses') on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
Derivative financial assets	Contract amount (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	USD 500	12.2023~2.2024

There was no such situation as of December 31, 2022.

The Company entered into forward foreign exchange contracts, to hedge exchange risks arising from exchange rate changes in operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. As of December 31, 2023 and 2022, the Company has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 65,925	$ 65,619
Accounts receivable	$ 678,395	$ 530,258
Less: Allowance for uncollectible accounts	(21,064)	(28,324)
	$ 657,331	$ 501,934

A. The ageing analysis of notes receivable and accounts receivable (including related parties) is as follows:

	December 31, 2023	December 31, 2022
Notes receivable:		
Within the credit period	$ 65,925	$ 65,619
Accounts receivable:		
Within the credit period	$ 663,649	$ 505,336
Overdue 1 to 30 days	35,898	48,877
Overdue 31 to 90 days	2,528	12,391
Overdue 91 to 150 days	2,977	-
Overdue over 151 days	7,548	4,680
	$ 712,600	$ 571,284

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables (including related parties) from contracts with customers amounted to $1,184,087.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

D. As of December 31, 2023 and 2022, the Company had no notes and accounts pledged to others as collateral.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 335,074	($ 21,365)	$ 313,709
Supplies	17,441	(290)	17,151
Work in progress	83,248	(9,601)	73,647
Finished goods	289,176	(14,943)	274,233
	$ 724,939	($ 46,199)	$ 678,740

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 440,159	($ 32,744)	$ 407,415
Supplies	13,210	(188)	13,022
Work in progress	129,860	(14,863)	114,997
Finished goods	338,990	(26,306)	312,684
	$ 922,219	($ 74,101)	$ 848,118

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 2,640,387	$ 3,063,051
Loss on scrapped inventories	2,071	1,511
(Reversal of allowance) provision for inventory market price decline (Note)	(27,902)	37,702
Gain on physical inventories	(9,019)	(5,061)
Sales from sales of scraps	(1,042)	(753)
	$ 2,604,495	$ 3,096,450

(Note) For the year ended December 31, 2023, the Company reversed a previous inventory write-down as a result of subsequent sales and scraps of certain inventories which were previously provided with allowance.

(5) Financial assets at fair value through other comprehensive income - non-current

Assets	December 31, 2023	December 31, 2022
Equity instruments		
Unlisted stocks	$ 56,840	$ 56,840

A. On March 9, 2022, the Company invested $56,840 in Electroninks, Inc. The purpose of the investment was to enter the field of international intermediate-level electronic materials, thereby enhancing the opportunity of transformation of the Company’s high value added products and upgrading the Company’s image and value.

B. The Company has elected to classify the investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As of December 31, 2023 and 2022, the fair value of these investments is approximately the book value.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the carrying amount.

D. As of December 31, 2023 and 2022, the Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(6) Investments accounted for under equity method

	For the years ended December 31,	
	2023	2022
At January 1	$ 657,497	$ 663,523
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	24,320	(2,257)
Unrealized profit from sales, net	(3,540)	(9,052)
Realized profit from sales, net	9,052	23,005
Cash dividends from investments accounted for under equity method	(112,510)	(52,054)
Other equity - Exchange differences on translation of foreign financial statements	(4,300)	34,332
At December 31	$ 570,519	$ 657,497

	December 31, 2023	December 31, 2022
Subsidiaries	$ 570,519	$ 657,497

A. For more information about subsidiaries, refer to Note 4(3), 'Basis of consolidation' on the consolidated financial statements report.

B. As of December 31, 2023 and 2022, the Company had no investments accounted for under equity method pledged to others as collateral.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Other equipment	Total
January 1, 2023							
Cost	$ 954,398	$ 319,400	$ 747,101	$ 85,745	$ 5,826	$ 139,122	$ 2,251,592
Accumulated depreciation	-	(117,439)	(485,045)	(57,422)	(3,849)	(102,318)	(766,073)
	$ 954,398	$ 201,961	$ 262,056	$ 28,323	$ 1,977	$ 36,804	$ 1,485,519
For the year ended December 31, 2023							
At January 1	$ 954,398	$ 201,961	$ 262,056	$ 28,323	$ 1,977	$ 36,804	$ 1,485,519
Transfers from prepayments for equipment	-	13,498	17,039	5,450	565	12,327	48,879
Depreciation	-	(10,936)	(35,250)	(5,295)	(442)	(6,372)	(58,295)
Disposals - cost	-	-	(479)	-	-	(2,506)	(2,985)
- accumulated depreciation	-	-	443	-	-	996	1,439
At December 31	$ 954,398	$ 204,523	$ 243,809	$ 28,478	$ 2,100	$ 41,249	$ 1,474,557
December 31, 2023							
Cost	$ 954,398	$ 332,898	$ 763,661	$ 91,195	$ 6,391	$ 148,943	$ 2,297,486
Accumulated depreciation	-	(128,375)	(519,852)	(62,717)	(4,291)	(107,694)	(822,929)
	$ 954,398	$ 204,523	$ 243,809	$ 28,478	$ 2,100	$ 41,249	$ 1,474,557

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Other equipment	Total
January 1, 2022							
Cost	$ 916,776	$ 278,222	$ 697,637	$ 80,853	$ 5,818	$ 134,434	$ 2,113,740
Accumulated depreciation	-	(108,342)	(452,322)	(53,289)	(3,945)	(97,459)	(715,357)
	$ 916,776	$ 169,880	$ 245,315	$ 27,564	$ 1,873	$ 36,975	$ 1,398,383
For the year ended December 31, 2022							
At January 1	$ 916,776	$ 169,880	$ 245,315	$ 27,564	$ 1,873	$ 36,975	$ 1,398,383
Transfers from prepayments for equipment	37,622	41,178	49,645	5,362	533	6,113	140,453
Depreciation	-	(9,097)	(32,889)	(4,567)	(395)	(6,221)	(53,169)
Disposals - cost	-	-	(181)	(470)	(525)	(1,425)	(2,601)
- accumulated depreciation	-	-	166	434	491	1,362	2,453
At December 31	$ 954,398	$ 201,961	$ 262,056	$ 28,323	$ 1,977	$ 36,804	$ 1,485,519
December 31, 2022							
Cost	$ 954,398	$ 319,400	$ 747,101	$ 85,745	$ 5,826	$ 139,122	$ 2,251,592
Accumulated depreciation	-	(117,439)	(485,045)	(57,422)	(3,849)	(102,318)	(766,073)
	$ 954,398	$ 201,961	$ 262,056	$ 28,323	$ 1,977	$ 36,804	$ 1,485,519

A. As of December 31, 2023 and 2022, the Company’s property, plant and equipment were all for own use.

B. Amount of borrowing costs capitalized as prepayments for equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2023	2022
Amount capitalized	$ 6,834	$ 1,028
Interest rate	1.00%~1.80%	1.00%

C. To satisfy the requirement of the Company’s operating development in the future, in June 2021, the Company was approved by the Industrial Department Bureau to apply for the purchase of the land on No. 862-7 in Tainan Technology Industrial Park. The area was 27,846.45 square meters, at a price of $20,600 (in dollars) per square meter, and the total price of the land was $573,637. The payment and transfer had been completed. Additionally, in accordance with regulations, due to building plant, the Company had to pay guarantee to the Industrial Development Bureau in the amount of $57,392 (listed as ‘Guarantee deposits paid’), which will be returned without interest after the construction is completed.

D. As of December 31, 2023 and 2022, information about the Company’s property, plant and equipment pledged to others as collateral is provided in Note 8, ‘Pledged Assets’.

(8) Leasing arrangements－lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for the period from February 1, 2021 to January 31, 2026. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose special covenants.

B. The carrying amount of right-of-use assets and the depreciation are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 1,392	$ 2,088

	For the years ended December 31,	
	2023	2022
	Depreciation	Depreciation
Buildings	$ 696	$ 696

C. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 24	$ 32
Expense on short-term lease contracts	130	172
Expense on leases of low-value assets	369	347
	$ 523	$ 551

D. For the years ended December 31, 2023 and 2022, the Company’s total cash outflow for leases were $1,219 and $1,239, respectively.

(9) Intangible assets

	For the years ended December 31,	
	2023	2022
At January 1		
Cost	$ 32,618	$ 32,433
Accumulated amortization	(31,018)	(27,659)
	$ 1,600	$ 4,774
At January 1	$ 1,600	$ 4,774
Additions－acquired separately	3,025	185
Amortization	(1,708)	(3,359)
At December 31	$ 2,917	$ 1,600
At December 31		
Cost	$ 35,643	$ 32,618
Accumulated amortization	(32,726)	(31,018)
	$ 2,917	$ 1,600

A. No interest was capitalized for the years ended December 31, 2023 and 2022.

B. Details of amortization expense on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating cost	$ 65	$ -
Selling expenses	1,578	3,359
General and administrative expenses	65	-
	$ 1,708	$ 3,359

C. As of December 31, 2023 and 2022, the Company had no intangible assets pledged to others as collateral.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	$ 71,621	1.65%～6.28%	None
Secured bank borrowings	50,000	1.65%	Land and buildings
	$ 121,621		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	$ 82,289	1.60%～5.52%	None
Secured bank borrowings	13,551	1.35%	Land and buildings
	$ 95,840		

For more information on interest expenses recognized in profit or loss by the Company for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Financial costs'.

(11) Short-term notes and bills payable

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Acceptance payable	$ 470	—	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Acceptance payable	$ 1,036	—	None

A. Acceptance payables were accepted by Mega International Commercial Bank and other financial institutions who guaranteed to pay the cash amount to the bearer without any conditions at specific date.

B. For more information on interest expenses recognized in profit or loss by the Company for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Financial costs'.

(12) Other payables

	December 31, 2023	December 31, 2022
Payroll and bonus payable	$ 64,775	$ 85,937
Export expense payable	6,935	7,947
Remuneration for directors payable	5,625	10,625
Employees' compensation payable	2,812	5,313
Others	38,853	124,952
	$ 119,000	$ 234,774

(13) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	2021.9.9～2041.11.1	1.76%	Land and buildings	$ 603,580
Unsecured borrowings	2022.3.23 ~ 2029.8.15	1.25%~1.65%	None	370,355
				973,935
Less: Current portion				(80,000)
				$ 893,935

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2021.9.9～2041.11.1	1.61%	Land and buildings	$ 633,580
Unsecured borrowings	2022.3.23 ~ 2029.8.15	1.13%~1.45%	None	194,058
				827,638
Less: Current portion				(90,000)
				$ 737,638

For more information on interest expenses recognized in profit or loss by the Company for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Financial costs'.

(14) Pensions

A.The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7.70% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The Company's total contributions to the labor pension reserve fund deposited with Bank of Taiwan had reached the amount for the suspension of contributions, in accordance with "Regulations for the Allocation and Management of the

Workers' Retirement Reserve Funds". On July 30, 2020, through the approval of the labor pension reserve supervisory committee, starting from August 1, 2020 to July 31, 2024, the Company can suspend its contributions to the labor pension reserve fund. On August 7, 2020, August 4, 2021, July 21, 2022 and August 2, 2023, the suspension has been approved by the Kaohsiung City Labor Affairs Bureau. The information in relation to the defined benefit pension plan of the Company was as follows:

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 640)	($ 617)
Fair value of plan assets	825	808
Net defined benefit assets	$ 185	$ 191

(b) Movements in net defined benefit assets are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	($ 617)	$ 808	$ 191
Interest (expense) income	(9)	12	3
	(626)	820	194
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5	5
Change in financial assumptions	(9)	-	(9)
Experience adjustments	(5)	-	(5)
	(14)	5	(9)
At December 31	($ 640)	$ 825	$ 185

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	($ 646)	$ 745	$ 99
Interest (expense) income	(5)	6	1
	(651)	751	100
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	57	57
Change in financial assumptions	43	-	43
Experience adjustments	(9)	-	(9)
	34	57	91
At December 31	($ 617)	$ 808	$ 191

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.375%	1.50%
Future salary increases rate	3.00%	3.00%

Future mortality rate was estimated both based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 19)	$ 20	$ 19	($ 19)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 20)	$ 21	$ 20	($ 19)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $-.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 12.1 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	$ -
Next 2～5 years	131
Next over 5 years	68
	$ 199

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $10,444 and $10,044, respectively.

(15) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	For the years ended December 31,	
	2023	2022
Beginning and ending balance	$ 100,009	$ 100,009

B. As of December 31, 2023, the Company's authorized capital was $1,200,000, and the paid-in capital was $1,000,092, consisting of 100,009 thousand shares of ordinary stock with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(16) Share-based payment

Employee stock options:

A. On December 21, 2022, the Company issued compensatory stock option plan of 3,000 units, and the exercise price was $34 (in dollars) per unit, which was set based on the closing price of the Company's ordinary share on the day of issuance. Employees can subscribe for 1,000 ordinary shares per unit of the options. If there is an increase in the Company's issued ordinary shares after the issuance of stock options, the exercise price is adjusted according to a specific formula, except for the increase caused by the conversion into ordinary shares from various securities with conversion options or stock options issued by the Company or the issuance of new shares due to employees' compensation. The life of the options is 4 years. After 2 years from the date of grant, employees may exercise the options in accordance with terms of employee stock options. For the years ended December 31,2023 and 2022, the Company's compensation cost due to employee stock options amounted to $9,580 and $294, respectively.

B. Details of the share-based payment arrangements are as follows:

	For the year ended December 31, 2023	
Share option	Quantity (units in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,000	$ 34.00
Options forfeited	(40)	-
Options abandoned	(20)	-
Options outstanding at December 31	2,940	32.20
Options exercisable at December 31	-	-

Share option	For the year ended December 31, 2022 Quantity (units in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	3,000	34.00
Options outstanding at December 31	3,000	34.00
Options exercisable at December 31	-	-

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	December 21, 2022
Dividend yield	0%
Expected price volatility	25.94%
Risk-free interest rate	1.10%
Expected duration	3 years
Fair value in dollars (per share)	$6.51(in dollars)

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. In accordance with the Company Act, the Company shall set aside 10% of current year's profit after taxes as legal reserve, until the legal reserve equals to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. The residual amount will be provisioned as or reversed from special reserve in accordance with regulations. The remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting. When distributing earnings, the

Company takes into consideration the industrial environment, financial plans, sustainable operations, stable development and shareholders' interest as follows:

(a) Conditions and timing of dividend distribution:

Currently, the Company is in a stable stage, thus, the appropriation of earnings would comprehensively take into consideration future operating development, strong financial structure, stable dividends and reasonable returns for shareholders. The distribution of dividends shall be proposed by the Board of Directors and approvel by the shareholders.

(b) Appropriation ratio of cash dividends and stock dividends:

The Company distributes shareholders' dividends in the form of cash or stock, of which cash dividends shall comprise at least 20% of the total dividends distributed. However, if the cash dividend per share is less than $0.5 (in dollars), it can be distributed as stock dividends.

The actual appropriation ratio and form of distribution shall be set by the Board of Directors based on the Company's financial situation and capital budget.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The special surplus reserve (reversed) appropriated in 2023 and 2022 amounted to ($27,466) and $8,690, respectively. As of December 31, 2023, the outstanding balance of the above special surplus reserve was $8,476.

D. On March 9, 2023 and May 30, 2022, the shareholders during their meeting resolved the distribution of cash dividends from 2022 and 2021 earnings in the amounts of $190,017 ($1.9 (in dollars) (per share) and $220,020 ($2.2 (in dollars) per share), respectively. On March 8, 2024, the Board of Directors resolved the distribution of cash dividends of $100,009 ($1.0 (in dollars) (per share) from 2023 earnings.

(19) Operating revenue

A. The Company derives revenue from contracts with customers which were recognized at a point in time. Revenue is divided into the following major product lines:

	For the years ended December 31,	
	2023	2022
Synthetic resin	$ 2,958,999	$ 3,653,780
Others	104,709	99,933
	$ 3,063,708	$ 3,753,713

B. The Company has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current (listed as 'Other current liabilities')	$ 3,470	$ 1,538	$ 10,121

Revenue recognized that was included in the contract liabilities at the beginning of the year were $956 and $10,000 for the years ended December 31, 2023 and 2022, respectively.

(20) Interest income

	For the years ended December 31,	
	2023	2022
Bank deposits	$ 1,414	$ 364

(21) Other income

	For the years ended December 31,	
	2023	2022
Rental income	$ 2,940	$ 24
Dividend income	300	1,121
Other income	18,227	3,911
	$ 21,467	$ 5,056

(22) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on financial assets at fair value through profit or loss	$ 2,621	$ 6,121
Net foreign exchange gains	2,781	84,514
Gains (losses) on disposal of property, plant and equipment	118	(23)
	$ 5,520	$ 90,612

(23) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	$ 17,058	$ 12,153
Lease liabilities	24	32
	17,082	12,185
Less: Capitalization of qualifying assets	(6,834)	(1,028)
	$ 10,248	$ 11,157

(24) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 166,831	$ 143,667	$ 310,498
Depreciation	47,385	11,606	58,991
Amortization	65	1,643	1,708
	$ 214,281	$ 156,916	$ 371,197

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 170,947	$ 163,520	$ 334,467
Depreciation	43,123	10,742	53,865
Amortization	-	3,359	3,359
	$ 214,070	$ 177,621	$ 391,691

(25) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 139,010	$ 103,470	$ 242,480
Employees' compensation	-	9,580	9,580
Labour and health insurance fees	14,248	10,281	24,529
Pension costs	5,900	4,541	10,441
Directors’ remuneration	-	8,011	8,011
Other personnel expenses	7,673	7,784	15,457
	$ 166,831	$ 143,667	$ 310,498

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 145,338	$ 128,244	$ 273,582
Employees' compensation	-	294	294
Labour and health insurance fees	13,574	10,365	23,939
Pension costs	5,549	4,494	10,043
Directors’ remuneration	-	12,582	12,582
Other personnel expenses	6,486	7,541	14,027
	$ 170,947	$ 163,520	$ 334,467

A. As of December 31, 2023 and 2022, the average number of employees were 322 and 316 employees, respectively, which included 5 non-employee directors for both years.

B. For the years ended December 31, 2023 and 2022, the average employee benefits were $954 and $1,035, respectively, while average wages and salaries were $795 and $880, respectively. The average wages and salaries decreased by 9.66% compared to prior year.

C. Salary and remuneration policies were described below:

(a) Directors' remuneration:

When the Company's directors work for the Company, whether the Company has operating profit or not, the Company has to pay remuneration. The Board of Directors is authorized to set the remuneration policy for directors based on the level in the same industry, the degree of contribution of directors in the operations of the Company, and the common standard of payments in the same industry.

(b) General manager's remuneration:

The election, dismissal and remuneration of general manager are resolved by the Board of Directors. The general manager's remuneration shall be based on individual performance and the degree of contribution to the Company, and the standard of payments in the market.

(c) Employees' compensation:

The employees' compensation is based on individual's ability, degree of contribution to the Company, performance and market value of their position, in correlation with the Company's operating performance. Employees' compensation primarily includes basic salary, subsistence allowance and reward, etc.

In addition, the Company has set up an Audit Committee, so there is no supervisors' remuneration.

D. Under the Company's Articles of Incorporation, employees' compensation and directors' remuneration shall be distributed at a ratio of not lower that 1% but not more than 1.5% of current year's earnings, and not more than 3% of current year's earnings, respectively. However, if the Company has an accumulated deficit, the earnings shall be reserved to cover the deficit.

E. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $2,812 and $5,313, respectively; while directors' remuneration was accrued at $5,625 and $10,625, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized were accrued based on the profit of current year distribution and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' remuneration for 2022 as resolved by the Board of directors were $5,313 and $10,625, respectively, which were the same with the amounts recognized in the financial statements for the year ended December 31, 2022. On March 8, 2024, the employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were $2,812 and $5,625, respectively, and the employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 59,341	$ 90,041
Tax on undistributed surplus earnings	6,053	5,115
Prior year income tax over estimation	(7,145)	(2,499)
	58,249	92,657
Deferred tax:		
Origination and reversal of temporary differences	(17,738)	(23,175)
Income tax expense	$ 40,511	$ 69,482

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurements of defined benefit obligations	($ 2)	$ 18
Currency translation differences	(860)	6,866
	($ 862)	$ 6,884

(c) Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 41,507	$ 76,905
Effects from items disallowed by tax regulation	96	(10,039)
Tax on undistributed surplus earnings	6,053	5,115
Prior year income tax over estimation	(7,145)	(2,499)
Income tax expense	$ 40,511	$ 69,482

B. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for bad debts	$ 4,596	($ 1,647)	$ -	$ 2,949
Loss on inventories from market decline	14,820	(5,580)	-	9,240
Pensions	12,809	-	2	12,811
Book tax difference in the timing of revenue recognition	-	2,014	-	2,014
Unrealized exchange loss	-	2,611	-	2,611
Currency translation differences	2,004	-	860	2,864
Others	3,687	(1,036)	-	2,651
	$ 37,916	($ 3,638)	$ 862	$ 35,140
Deferred income tax liabilities				
Temporary differences:				
Share of other comprehensive income accounted for under equity method	($ 7,900)	$ -	$ -	($ 7,900)
Investment income	(35,282)	19,964	-	(15,318)
Pensions	(12,894)	-	-	(12,894)
Book tax difference in the timing of revenue recognition	(1,009)	1,009	-	-
Gain on unrealized evaluation of financial assets	-	(72)	-	(72)
Unrealized exchange gain	(475)	475	-	-
	($ 57,560)	$ 21,376	$ -	($ 36,184)
	($ 19,644)	$ 17,738	$ 862	($ 1,044)

	For the year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for bad debts	$ 4,596	$ -	$ -	$ 4,596
Loss on inventories from market decline	7,280	7,540	-	14,820
Pensions	12,827	-	(18)	12,809
Unrealized exchange loss	79	(79)	-	-
Currency translation differences	8,870	-	(6,866)	2,004
Others	6,440	(2,753)	-	3,687
	$ 40,092	$ 4,708	($ 6,884)	$ 37,916
Deferred income tax liabilities				
Temporary differences:				
Share of other comprehensive income accounted for under equity method	($ 7,900)	$ -	$ -	($ 7,900)
Investment income	(54,045)	18,763	-	(35,282)
Pensions	(12,893)	(1)	-	(12,894)
Book tax difference in the timing of revenue recognition	(1,189)	180	-	(1,009)
Unrealized exchange gain	-	(475)	-	(475)
	($ 76,027)	$ 18,467	$ -	($ 57,560)
	($ 35,935)	$ 23,175	($ 6,884)	($ 19,644)

C. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. As of March 8, 2024, the Company was not involved in any administration lawsuit.

(27) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 167,026	100,009	$ 1.67
Diluted earnings per share			
Profit for the year	$ 167,026	100,009	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	107	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 167,026	100,116	$ 1.67

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 315,043	100,009	$ 3.15
Diluted earnings per share			
Profit for the year	$ 315,043	100,009	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	196	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 315,043	100,205	$ 3.14

The Company's employee stock options had an anti-dilutive effect, so they were not included in the calculation of diluted earnings per share.

(28) Supplemental cash flow information

Operating and investing activities with no cash flow effects:

	For the years ended December 31, 2023	2022
A. Write-offs of allowance for uncollectible accounts	$ -	$ 445
B. Prepayments for equipment transferred to other receivables	$ 2,528	$ -
C. Prepayments for equipment transferred to property, plant and equipment	$ 48,879	$ 140,453
D. Prepayments for equipment transferred to expense	$ 266	$ -

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Total
January 1, 2023	$ 95,840	$ 1,036	$ 2,112	$ 827,638	$ 926,626
Changes in cash flow from financing	26,498	(566)	(696)	146,297	171,533
Changes in other non-cash items	(717)	-	-	-	(717)
December 31, 2023	$ 121,621	$ 470	$ 1,416	$ 973,935	$ 1,097,442

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Total
January 1, 2022	$ 270,679	$ 2,556	$ 2,800	$ 570,000	$ 846,035
Changes in cash flow from financing	(174,843)	(1,520)	(688)	257,638	80,587
Changes in other non-cash items	4	-	-	-	4
December 31, 2022	$ 95,840	$ 1,036	$ 2,112	$ 827,638	$ 926,626

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Qualipoly Technology (Kunshan) Corp.	Subsidiary
Qualipoly Technology (Guangdong) Corp.	Subsidiary
Qualipoly Technology (Shanghai) Corp.	Subsidiary
Dongguan Chao you New Material Co., Ltd.	Subsidiary

(2) Significant related party transactions

A. Sales

	For the years ended December 31,	
	2023	2022
Subsidiaries	$ 251,641	$ 286,420

Aforementioned accounts which were generated from sales were collected and paid on behalf of the Company by Horizon Trading Co., Ltd. The price was affected by the competitor in Mainland China, thus, the price was lower than that in Taiwan. The collection terms were 120 days after monthly billings and T/T, except Qualipoly Technology (Guangdong) Corp. which were 90 days after monthly billings.

B. Receivables from related parties

	December 31, 2023	December 31, 2022
Subsidiaries	$ 34,205	$ 41,026

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There is no allowance for uncollectible accounts held against receivables from related parties.

C. Endorsements and guarantees

Counterparty	Description	December 31, 2023	December 31, 2022
Qualipoly Technology (Guangdong) Corp.	Guarantee for financing	$ -	$ 46,065
Qualipoly Technology (Kunshan) Corp.	Guarantee for financing	-	46,065
		$ -	$ 92,130

As of December 31, 2023 and 2022, the actual amounts drawn from the endorsements and guarantees were $- and $16,751, respectively.

D. Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 31,666	$ 36,830
Post-employment benefits	548	467
	$ 32,214	$ 37,297

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset item	December 31, 2023	December 31, 2022	Purpose
Land (Note)	$ 750,705	$ 750,705	Short-term borrowings, long-term borrowings and borrowing facilities
Buildings, net (Note)	44,485	46,813	Short-term borrowings, long-term borrowings and borrowing facilities
Other equipment, net (Note)	3,594	4,364	Facilities of long-term borrowings
	$ 798,784	$ 801,882	

(Note) Listed as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those mentioned in Note 7, the Company's other significant contingent liabilities and unrecognized contract commitments were as follows:

(1) As of December 31, 2023 and 2022, the outstanding letters of credit issued but not negotiated were $83,074 and $47,932, respectively.

(2) Capital expenditures contracted but not yet incurred are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 505,656	$ 684,634

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 7,010	$ 17,174
Financial assets at fair value through other comprehensive income	$ 56,840	$ 56,840
Financial assets at amortized cost		
Cash and cash equivalents	$ 163,493	$ 372,719
Notes receivable	65,925	65,619
Accounts receivable	691,536	542,960
Other receivables	15,897	6,713
Guarantee deposits paid	57,532	57,532
	$ 994,383	$ 1,045,543
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 121,621	$ 95,840
Short-term notes and bills payable	470	1,036
Notes payable	138,316	106,227
Accounts payable	242,888	145,688
Other payables	119,000	234,774
Long-term borrowings (including current portion)	973,935	827,638
	$ 1,596,230	$ 1,411,203
Lease liabilities	$ 1,416	$ 2,112

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effect on the financial performance of the Company, derivative instruments are used to hedge certain exchange rate risk based on situation.

(b) Risk management is carried out by the Company's treasury department under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various currency, primarily with respect to the USD, AUD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Company has certain sales and purchases denominated in USD and other foreign currencies. Exchange rates would affect the fair value. When commercial transaction occur, recognized assets or liabilities do not price at the functional foreign currency of the entity, the exchange risk will occur.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Company's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted in the future.

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 13,331	30.705	$ 409,328
RMB:NTD	15,394	4.327	66,610
AUD:NTD	1,810	20.98	37,974
GBP:NTD	346	39.15	13,546
Investments accounted for under equity method			
USD:NTD	18,581	30.705	570,519
Financial liabilities			
Monetary items			
USD:NTD	1,281	30.705	39,333

	December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate		Book value
(foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	$ 9,913	30.71	$	304,428
AUD:NTD	3,120	20.83		64,990
RMB:NTD	14,694	4.408		64,771
JPY:NTD	120,818	0.2324		28,078
GBP:NTD	560	37.09		20,770
EUR:NTD	381	32.72		12,466
<u>Investments accounted for under equity method</u>				
USD:NTD	21,410	30.71		657,497
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	469	30.71		14,403

v. The sensitivity analysis of foreign exchange risk mainly focused on the foreign currency monetary items at the end of the financial reporting date. If the exchange rate of NTD to all foreign currency had increased/decreased by 1% with all other variables remaining constant, the profit or loss for the years ended December 31, 2023 and 2022 would have increased/decreased by $3,905 and $3,849, respectively.

vi. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $2,781 and $84,514, respectively.

<u>Price risk</u>

i. The Company is exposed to the price risk of equity securities because of investments held by the Company and classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on the parent company only balance sheet. To manage the price risk arising from equity securities, the Company strictly evaluates investment activities and pre-sets a “stop loss”, so the Company does not expect material price risk.

ii. The sensitivity analysis of price risk of equity securities is calculated from fair value changes at the end date of financial reporting date. If the price of these equity securities had increased/decreased by 1% with all other variables remaining constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $67 and $172, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income would have increased/decreased by $568 for both years, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $136 and $97, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. In line with the credit risk management policies, if the contract payments were past due within 90 days, the proceeds are within normal collection period. However, the defaults occur past due over 90 days.

iv. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss. The Company used the forecast to adjust historical and timely information to assess the default possibility of receivable, whereby the rate ranging from 0.94%～100% are applied to the provision matrix. Movements in relation to the Company applying the modified approach to provide loss allowance for receivables are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ 28,324	$ 34,769
Expected credit gains	(7,260)	(6,000)
Write-offs of uncollectible receivables	-	(445)
At December 31	$ 21,064	$ 28,324

(c) Liquidity risk

i. The Company's treasury department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities and ensure the Company has sufficient financial flexibility.

ii. Surplus cash held by the Company exceeded the requirement of working capital management. The Company's treasury department aggregately invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 890,900	$ 1,111,068
Expiring over one year	1,113,166	1,039,462
	$ 2,004,066	$ 2,150,530

The facilities expiring within one year are annual facilities subject to review at various dates during the next year. The other facilities are for the Company's operating capital.

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 122,266	$ -	$ -	$ -
Short-term notes and bills payable	470	-	-	-
Notes payable	138,316	-	-	-
Accounts payable	242,888	-	-	-
Other payables	119,000	-	-	-
Lease liabilities (including current and non-current)	720	720	-	-
Long-term borrowings (including current portion)	94,856	120,412	389,096	476,241

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 96,241	$ -	$ -	$ -
Short-term notes and bills payable	1,036	-	-	-
Notes payable	106,227	-	-	-
Accounts payable	145,688	-	-	-
Other payables	234,774	-	-	-
Lease liabilities (including current and non-current)	720	720	720	-
Long-term borrowings (including current portion)	100,669	46,835	261,419	508,188

v. The Company does not expect the maturity date to end early nor the actual cash flow to be materially different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The Company's investments in equity instruments without active market is included in Level 3.

B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables and long-term borrowings (including current portion)) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets as of December 31, 2023 and 2022 are as follows:

(a) The related information on the nature of the assets is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 360	$ -	$ 360
Equity securities	6,650	-	-	6,650
	$ 6,650	$ 360	$ -	$ 7,010
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 56,840	$ 56,840

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 17,174	$ -	$ -	$ 17,174
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 56,840	$ 56,840

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used closing price as their fair values (that is, Level 1).

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2, nor transfer into or out from Level 3.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
At January 1	$ 56,840	$ -
Acquired during the year	-	56,840
At December 31	$ 56,840	$ 56,840

(Note) For the years ended December 31, 2023 and 2022, there was no valuation for the Level 3 equity securities, because the difference was not material between the fair value and the carrying amount.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 56,263	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

	December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 56,840	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 563	($ 563)

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 568	($ 568)

13. Supplementary Disclosures

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital or more: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2), 'Financial assets and liabilities at fair value through profit or loss'.

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Refer to table 8.

14. Segment Information

Not applicable.

Qualipoly Chemical Corp.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Endorser/guarantor	Endorses/Guaranteed: Company name	Endorses/Guaranteed: Relationship	Endorsement for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Qualipoly Chemical Corp.	Qualipoly Technology (Guang Dong) Corp.	Subsidiaries	$ 2,888,927	$ 47,130	$ -	$ -	$ -	—	$ 2,888,927	Y	N	Y	—
		Qualipoly Technology (Kun Shan) Corp.	Subsidiaries	2,888,927	47,130	-	-	-	—	2,888,927	Y	N	Y	—

(Note 1) 1. Limit of total endorsement/guarantee of the Company to others, the limit of total endorsement/guarantee to single party is 10% of the Company's net worth, except for subsidiaries who owned over 90% ownership held by the Company, the limit is 100% of the Company's net worth.

2. The endorsement/guarantee arises from business relationship, except for the limit mentioned above, the individual limit on endorsement/guarantee shall not exceed the transaction amount. The transaction amount is the higher value of purchasing or selling during the year.

(Note 2) Foreign currencies are translated into New Taiwan Dollars with exchange rate as of December 31, 2023 as follows: USD NTD 1:30.705; RMB : NTD 1:4.327).

Qualipoly Chemical Corp.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	No. of shares (in thousands of units or shares)	Book value	Ownership	Fair value	Footnote
Qualipoly Chemical Corp.	Stocks:							
	Nan Ya Plastics Corp.	—	Financial assets at fair value through profit or loss - current	100	$ 6,650	0.001%	$ 6,650	—
	ELECTRONINKS INCORPORATED		Financial assets at fair value through other comprehensive income - non-current	1,044	56,840	2.47%	56,263	—
Qualipoly	Stocks:							
International Inc.	Tianjin Yabang Chemical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	-	15,584	19.00%	15,156	—
Chao Chien	Stocks:							
International Inc.	Zhangzhou Yabang Chemical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	-	72,028	19.00%	65,265	—
	Zhangzhou Newsolar Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	-	44,272	9.09%	59,784	—

Qualipoly Chemical Corp.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Qualipoly Chemical Corp.	Qualipoly Technology (Kunshan) Corp.	Subsidiaries	Sale	($ 173,865)	(6%)	Collect in 120 days after monthly billings	$ -	Note 2	$ 8,378	1%	—

(Note 1) As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required.
(Note 2) Collect in 90 days after monthly billings.

Qualipoly Chemical Corp.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			
				Items	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Qualipoly Chemical Corp.	Qualipoly Technology (Kunshan) Corp.	1	Sales	$ 173,865	Collect in 120 days after monthly billings	5%
		Qualipoly Technology (Guangdong) Corp.	1	Sales	29,105	Collect in 90 days after monthly billings	1%
		Dongguan Chao You New Material Co., Ltd.	1	Sales	48,671	Collect in 120 days after monthly billings	1%
				Accounts receivable	19,531	–	–

(Note 1) As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than $10,000 are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories.

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenue for income statement accounts.

(Note 5) Foreign currencies are translated into New Taiwan Dollars with exchange rate as of December 31, 2023 as follows: USD NTD 1:30.705; RMB : NTD 1:4.327).

Qualipoly Chemical Corp.

Information on investees

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance at December 31, 2023	Initial investment amount: Balance at December 31, 2022	Shares held as of December 31, 2023: Number of shares	Shares held as of December 31, 2023: Ownership (%)	Shares held as of December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized for the year ended December 31, 2023	Footnote
Qualipoly Chemical Corp.	Qualipoly International Inc.	Samoa	General investment and international trading business	$ 268,055	$ 268,055	8,730,000	100.00	$ 323,272	($ 6,721)	($ 6,928)	Subsidiaries
Qualipoly Chemical Corp.	Chao Chien International Inc.	Samoa	General investment and international trading business	66,599	66,599	2,169,000	100.00	247,247	31,317	31,248	Subsidiaries
Qualipoly International Inc.	Chaoyang International Inc.	Samoa	General investment and international trading business	301,085	301,085	9,805,738	100.00	309,198	(6,581)	-	Subsidiaries (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized during the year.
(Note 2) Foreign currencies are translated into New Taiwan dollars with exchange rates as of December 31, 2023 as follows: USD: NTD 1: 30.705.

Qualipoly Chemical Corp.

Information on investments in Mainland China

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China at December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Qualipoly Technology (Kunshan) Corp.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resin	$ 76,763	(Note 1)	$ 76,763	$ -	$ -	$ 76,763	$ 2,607	100.00	$ 2,607	$ 134,308	$ -	(Note 4)
Qualipoly Technology (Guangdong) Corp.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	199,583	(Note 2)	289,279	-	-	289,279	(2,965)	100.00	(2,965)	309,188	125,649	(Note 4)
Qualipoly Technology (Shanghai) Corp.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resin	12,967	(Note 1)	-	-	-	-	(1,892)	100.00	(1,892)	7,791	-	(Note 4)
Dongguan Chao You New Material Co., Ltd.	Sales of chemical raw materials, UV curable materials, unsaturated polyester resins (UP resins) and coating resin	15,128	(Note 2)	-	-	-	-	4,561	100.00	4,561	29,377	-	(Note 4)
Tianjin Yabang Chemical Co., Ltd.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	86,448	(Note 3)	14,094	-	-	14,094	-	19.00	-	15,584	-	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China at December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Zhangzhou Yabang Chemical Co., Ltd.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	$ 168,395	(Note 1)	$ 20,419	$ -	$ -	$ 20,419	$ -	19.00	$ -	$ 72,028	$ 193,989	-
Zhangzhou Newsolar Technology Co., Ltd.	Manufacture and sales of unsaturated polyester resin, alkyd resin and aminoalkyd resin	475,464	(Note 1)	44,272	-	-	44,272	-	9.09	-	44,272	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China at December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Qualipoly Chemical Corp.	$ 444,827	$ 459,816	$ 1,733,356

(Note 1) Through an existing company (Chao Chien International Inc.) located in the third area, invest in the investee in Mainland China.

(Note 2) Formerly held by the Qualipoly International Inc., which was established in the third area, however, because of the adjustment of investment structure from September 2006, the Company reinvested in the investee in Mainland China by investing and establishing Chaoyang International Inc. in the third area through Qualipoly International Inc.

(Note 3) Through an existing company (Qualipoly International Inc.) located in the third area, invest in the investee in Mainland China.

(Note 4) The Company recognized income (loss) based on the audited financial statements.

(Note 5) The ceiling amount is 60% of the parent company only net worth or consolidated net worth (whichever is higher).

(Note 6) Foreign currencies are translated into New Taiwan dollars with exchange rates as of December 31, 2023 as follows: USD: NTD 1: 30.705.

Qualipoly Chemical Corp.
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Qualipoly Technology (Kunshan) Corp.	$ 173,865	6%	$ -	-	$ 8,378	1%	$ -	-	$ -	$ -	-	$ -	$ -
Qualipoly Technology (Guangdong) Corp.	29,105	1%	-	-	6,296	1%	-	-	-	-	-	-	-
Dongguan Chao You New Material Co., Ltd.	48,671	2%	-	-	19,531	3%	-	-	-	-	-	-	-

Qualipoly Chemical Corp.

Major shareholders information

December 31, 2023

Table 8

Unit: shares

Name of major shareholders	Shares		Footnote
	Number of shares held	Ownership (%)	
Chao Chien Investment Inc.	12,530,757	12.52%	—

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		$ 153
Revolving funds		270
Checking Deposits		79,842
Demand Deposits – New Taiwan dollar		52,467
– Foreign currency	USD 1,002 (in thousands), exchange rate: 30.705	30,761
		$ 163,493

QUALIPOLY CHEMICAL CORP.
STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	
Company A	Notes receivable	$	7,387
Company B	〃		4,951
Company C	〃		4,491
Others (individually less than 5%)	〃		49,096
		$	65,925

QUALIPOLY CHEMICAL CORP.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount
Non-related parties:		
Group D	Receivables from the client	$ 234,971
Company E	〃	70,699
Others (individually less than 5%)	〃	372,725
		678,395
Less: Allowance for uncollectible accounts		(21,064)
		$ 657,331

QUALIPOLY CHEMICAL CORP.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

		Amount		
Item	Description	Cost	Net Realizable Value	Note
Raw materials	–	$ 335,074	$ 331,348	(Note)
Supplies	–	17,441	18,038	〃
Work in progress	–	83,248	97,298	〃
Finished goods	–	289,176	326,848	〃
		724,939	$ 773,532	
Less: Allowance for valuation loss		(46,199)		
		$ 678,740		

(Note) Refer to Note 4(8) for the method to determine the net realisable value.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Input tax	–	$ 40,179
Prepayments for purchases	–	30,810
Others (individually less than 5%)	–	4,871
		$ 75,860

QUALIPOLY CHEMICAL CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Name	Beginning Balance		Increase		Decrease		Ending Balance			
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value (Note)	Accumulated impairment	Collateral
ELECTRONINKS INCORPORATED	1,044	$ 56,840	-	$ -	-	$ -	1,044	$ 56,840	$ -	None

(Note) There was no valuation for the Level 3 equity securities, because the difference was not material between the fair value and the carrying amount.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Increase		Decrease		Ending Balance			Market Value or Net Assets Value			
The Name of the Company	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral	Note
Qualipoly International Inc.	8,730	$ 401,835	-	$ 4,136	-	($ 82,699)	8,730	100%	$ 323,272	$ 37.24	$ 325,112	None	–
Chao Chien International Inc.	2,169	255,662	-	32,625	-	(41,040)	2,169	100%	247,247	114.69	248,770	None	–
		$ 657,497		$ 36,761		($ 123,739)			$ 570,519		$ 573,882		

QUALIPOLY CHEMICAL CORP.
STATEMENT OF CHANGES IN COST OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Refer to Note 6(7) for details of property, plant and equipment.

QUALIPOLY CHEMICAL CORP.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(7) for details of property, plant and equipment.

Refer to Note 4(12) for the method to determine depreciation and useful lives for assets.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF CHANGES IN PREPAYMENTS FOR EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Additions	Transferred (Note)	Ending Balance	Note
Prepayments for equipment	$ 272,903	$461,996	($ 51,673)	$ 683,226	–

(Note) Transferred to Note 6 (28) for details of supplemental cash flow information.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF GUARANTEE DEPOSITS PAID
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Guarantees for the acquisition of land in Tainan Technology Industrial Park	$ 57,392
Others (individually less than 5%)	140
	$ 57,532

QUALIPOLY CHEMICAL CORP.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Facility	Collateral	Note
Unsecured bank borrowings	Mega International Commercial Bank	$ 71,621	2023.10.13～2024.06.22	1.65%~6.28%	USD 7,000 thousand	None	–
Secured bank borrowings	Bank of Taiwan	50,000	2023.11.28～2024.03.26	1.65%	150,000	Land and buildings	–
		$ 121,621					

QUALIPOLY CHEMICAL CORP.
STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Name of suppliers	Description		Amount
YUAN JEN ENTERPRISES CO., LTD.	Notes payable	$	30,921
SINO-JAPAN CHEMICAL CO., LTD.	〃		20,040
JSR MICRO TAIWAN CO., LTD.	〃		18,554
NAN YA PLASTICS CORP.	〃		11,193
Others (individually less than 5%)	〃		57,608
		$	138,316

QUALIPOLY CHEMICAL CORP.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of suppliers	Description	Amount	
Non-related parties:			
YUAN JEN ENTERPRISES CO., LTD.	Accounts payable	$	34,935
SINO-JAPAN CHEMICAL CO., LTD.	〃		22,972
ORIENTAL UNION CHEMICAL CORP.	〃		20,358
JSR MICRO TAIWAN CO., LTD	〃		18,276
NAN YA PLASTICS CORP.	〃		13,543
Others (individually less than 5%)	〃		132,804
		$	242,888

QUALIPOLY CHEMICAL CORP.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(12) for details of other payables.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF CURRENT TAX LIABILITY
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Current income tax payable	$ 51,874
Tax on undistributed surplus earnings payable	6,053
	$ 57,927

QUALIPOLY CHEMICAL CORP.
LONG-TERM LIABILITIES, CURRENT PORTION
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Description	Description	Range of Interest Rate	Amount		Collateral
Yuanta Commercial Bank	(Note)	1.65%	$	50,000	None
Bank of Taiwan	(Note)	1.76%		30,000	Land and buildings
			$	80,000	

(Note) Refer to Note 6(13) for details of long-term borrowings.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor	Nature	Contract Period	Interest Rate	Amount	Collateral	Note
Bank of Taiwan	Secured borrowings	2021.9.9～2041.9.9	1.76%	$ 450,000	Land	(Note 1)
	Secured borrowings	2021.11.1～2026.11.1	1.76%	87,500	Land and buildings	(Note 2)
	Secured borrowings	2022.8.31～2041.11.1	1.76%	66,080	Buildings	(Note 3)
Chinatrust Commercial Bank	Unsecured borrowings	2022.3.23～2029.3.15	1.35%	1,302	None	(Note 4)
	Unsecured borrowings	2022.8.23～2029.8.15	1.35%	10,206	None	(Note 4)
E.SUN Commercial Bank	Unsecured borrowings	2022.4.18～2029.4.15	1.45%	229,361	None	(Note 4)
Yuanta Commercial Bank	Unsecured borrowings	2022.10.27～2024.10.27	1.65%	50,000	None	(Note 5)
Cathay United Bank	Unsecured borrowings	2022.3.23～2029.2.8	1.25%	79,486	None	(Note 4)
				973,935		
	Less: Current portion			(80,000)		
				$ 893,935		

(Note 1) The grace period for the principal is 36 months, the principal is repaid in 204 installments after the grace period is due.
(Note 2) The grace period for the principal is 12 month with monthly interest, the principal is repaid in 48 installments after the grace period is due, there is monthly interest as well.
(Note 3) The grace period for the principal is 36 month with monthly interest, the principal is repaid in 204 installments after the grace period is due, there is monthly interest as well.
(Note 4) The grace period for the principal is 36 month with monthly interest, the principal is repaid in 48 installments after the grace period is due, there is monthly interest as well.
(Note 5) Monthly interest payment, principal repayment once due.

QUALIPOLY CHEMICAL CORP.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount		Note
		Subtotal	Total	
Sales revenue:				
Synthetic resin	33 kilotons	$ 2,963,894		–
Others		105,579	$ 3,069,473	–
Less: Sales returns and discounts			(5,765)	–
Operating revenue			$ 3,063,708	

QUALIPOLY CHEMICAL CORP.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning raw materials	$ 440,159
Add: Raw materials purchased	1,885,440
Transferred from work in progress	278,024
Gain on physical inventory	8,769
Others	23
Less: Transferred to expenses	(26,213)
Scrapped	(862)
Ending raw materials	(335,074)
Raw materials used during the year	2,250,266
Beginning supplies	13,210
Add: Supplies purchased	194,981
Gain on physical inventory	22
Less: Transferred to expenses	(40,881)
Others	(46)
Ending supplies	(17,441)
Supplies used during the year	149,845
Direct labor	75,899
Manufacturing overhead	348,734
Manufacturing cost	2,824,744
Beginning work in progress	129,860
Add: Transfer from finished goods	196,771
Less: Transferred to raw materials	(278,024)
Ending work in progress	(83,248)
Cost of finished goods	2,790,103

QUALIPOLY CHEMICAL CORP.
STATEMENT OF OPERATING COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning finished goods	$ 338,990
Add: Finished goods purchased	50,881
Gain on physical inventory	228
Less: Transferred to work in progress	(196,771)
Transferred to expenses	(45,469)
Scrapped	(1,209)
Others	(7,190)
Ending finished goods	(289,176)
Cost of production sold	2,640,387
Loss on scrapped inventories	2,071
Reversal of allowance for inventory market price decline	(27,902)
Gain on physical inventories	(9,019)
Sales from sale of scraps	(1,042)
Operating costs	$ 2,604,495

QUALIPOLY CHEMICAL CORP.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Environmental protection expenses	–	$ 82,652	–
Wages and salaries	–	69,011	–
Depreciation	–	47,385	–
Utilities	–	40,990	–
Consumables	–	40,698	–
Fuel expense	–	37,880	–
Others (individually less than 5%)	–	30,118	–
		$ 348,734	

QUALIPOLY CHEMICAL CORP.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Export expenses	–	$ 51,707	–
Wages and salaries	–	43,018	–
Freight	–	15,974	–
Commissions expense	–	15,960	–
Others (individually less than 5%)	–	36,001	–
		$ 162,660	

QUALIPOLY CHEMICAL CORP.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries	–	$ 49,179	–
Insurance expense	–	10,122	–
Depreciation	–	7,660	–
Services fees	–	6,202	–
Others (individually less than 5%)	–	20,929	–
		$ 94,092	

QUALIPOLY CHEMICAL CORP.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	–	$ 31,019	–
Product development fees	–	4,000	–
Insurance expense	–	2,970	–
Depreciation	–	2,520	–
Experimental expense	–	2,514	–
Others (individually less than 5%)	–	7,146	–
		$ 50,169	

QUALIPOLY CHEMICAL CORP.
SUMMARY STATEMENT OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Refer to Note 6(24) for details of expenses by nature and Note 6(25) for details of employee benefit expense.

Qualipoly Chemical Corp.

Chairman ：Tsai, Yeou-Liang