Stock Code:4772

Taiwan Speciality Chemicals Corporation

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of Taiwan Speciality Chemicals Corporation:

Opinion

We have audited the financial statements of Taiwan Speciality Chemicals Corporation ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition

Please refer to note 4(12) for accounting policy and note 6(16) "Revenue from contracts with customers" of the financial statements for further information.

Description of key audit matter:

The Company's major revenues are the sales of Precision Chemical materials. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. Base on different contracts to assess whether the timing of revenue recognition was depending on the trade term agreed with the customer is complicated, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in the proper period.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 19, 2024

Notes to Readers

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023			December 31, 2022	
	Assets		**Amount**	**%**	**Amount**	**%**
	Current assets:					
1100	Cash and cash equivalents (note 6(1))	$	154,700	8	114,600	7
1170	Notes and accounts receivable, net (note 6(2))		120,612	7	71,716	4
1210	Other receivable－related parties (note 7)		141	-	138	-
130X	Inventories (note 6(3))		138,682	8	165,963	9
1479	Other current assets (note 6(7))		6,787	-	2,761	-
			420,992	23	355,178	20
	Non-current assets:					
1600	Property, plant and equipment (notes 6(4) and 8)		1,376,941	75	1,419,447	79
1755	Right-of-use assets (note 6(5))		110	-	299	-
1780	Intangible assets (note 6(6))		1,195	-	981	-
1840	Deferred tax assets (note 6(13))		36,958	2	20,504	1
1990	Other non-current assets (note 6(7))		4,419	-	4,419	-
			1,419,353	77	1,445,650	80
	Total assets	**$**	**1,840,345**	**100**	**1,800,828**	**100**

		December 31, 2023			December 31, 2022	
	Liabilities and Equity		**Amount**	**%**	**Amount**	**%**
	Current liabilities:					
2170	Accounts payable	$	21,558	1	13,775	1
2201	Payroll and bonus payable		16,682	1	19,443	1
2220	Other payable－related parties (note 7)		42	-	276	-
2300	Other current liabilities (notes 6(10) and (11))		45,285	3	72,038	4
			83,567	5	105,532	6
	Non-Current liabilities:					
2600	Other non-current liabilities (notes 6(10) and (11))		196	-	366	-
			196	-	366	-
	Total liabilities		83,763	5	105,898	6
	Equity (note 6(14)):					
3110	Ordinary shares		1,382,366	75	1,382,366	77
3350	Retained earnings		374,216	20	312,564	17
	Total equity		1,756,582	95	1,694,930	94
	Total liabilities and equity	**$**	**1,840,345**	**100**	**1,800,828**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings PerShare)

		2023 Amount	%	2022 Amount	%
4000	Operating revenue (note 6(16))	$ 553,523	100	532,279	100
5000	Operating costs (notes 6(3), (4) and (12))	343,290	62	268,412	50
	Gross profit from operations	210,233	38	263,867	50
	Operating expenses (notes 6(4), (5), (6), (11), (12) and 7)**:**				
6100	Selling expenses	14,295	3	14,069	3
6200	Administrative expenses	39,826	7	42,965	8
6300	Research and development expenses	18,314	3	26,185	5
		72,435	13	83,219	16
	Net operating income	137,798	25	180,648	34
	Non-operating income and expenses:				
7100	Interest income (note 6(18))	1,113	-	550	-
7010	Other income (notes 6(18) and 7)	2,787	1	8,097	1
7020	Other gains and losses (notes 6(4) and (18))	(2,495)	(1)	(1,695)	-
7050	Finance costs (notes 6(11) and (18))	(4)	-	(130)	-
		1,401	-	6,822	1
	Income before income tax	139,199	25	187,470	35
7950	Less: Income tax expenses (note 6(13))	(16,454)	(3)	(20,504)	(4)
	Net income	155,653	28	207,974	39
8300	**Other comprehensive income**	-	-	-	-
8500	**Total comprehensive income**	$ 155,653	28	207,974	39
	Earnings per share (NT dollars) (note 6(15))				
9750	Basic earnings per share	$	1.13		1.50
9850	Diluted earnings per share	$	1.12		1.50

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		Retained earnings			
	Ordinary shares	Legal reserve	Unappropriated retained earnings	Total retained earnings	Total equity
Balance at January 1, 2022	$ 1,382,366	-	194,444	194,444	1,576,810
Net income for the year	-	-	207,974	207,974	207,974
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	-	-	207,974	207,974	207,974
Appropriation and distribution of retained earnings:					
Legal reserve	-	19,445	(19,445)	-	-
Cash dividends of ordinary shares	-	-	(89,854)	(89,854)	(89,854)
Balance at December 31, 2022	1,382,366	19,445	293,119	312,564	1,694,930
Net income for the year	-	-	155,653	155,653	155,653
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	-	-	155,653	155,653	155,653
Appropriation and distribution of retained earnings:					
Legal reserve	-	20,797	(20,797)	-	-
Cash dividends of ordinary shares	-	-	(94,001)	(94,001)	(94,001)
Balance at December 31, 2023	**$ 1,382,366**	**40,242**	**333,974**	**374,216**	**1,756,582**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 139,199	187,470
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	119,099	143,980
Amortization expenses	266	106
Interest expenses	4	130
Interest income	(1,113)	(550)
Gain on disposal of property, plant and equipment	68	2,740
Recognition (reversal) of write-down of inventory	(428)	(60)
Recognition of impairment losses on non-financial assets	(20)	(9,856)
Total adjustments	117,876	136,490
Changes in operating assets and liabilities:		
Notes and accounts receivable	(48,896)	(598)
Other receivable－related parties	(3)	312
Inventories	27,709	(31,156)
Other operating assets	(4,026)	(424)
Accounts payable	7,783	2,872
Other payable－related parties	(234)	163
Other current liabilities	(5,880)	5,487
Total changes in operating assets and liabilities	(23,547)	(23,344)
Total adjustments	94,329	113,146
Cash inflow generated from operations	233,528	300,616
Interest received	1,113	550
Interest paid	-	(130)
Net cash flows generated from operating activities	234,641	301,036
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(100,885)	(94,742)
Proceeds from disposal of property, plant and equipment	966	1,098
Decrease(increase) in refundable deposits	30	(239)
Acquisition of intangible assets	(330)	-
Net cash flows used in investing activities	(100,219)	(93,883)
Cash flows from financing activities:		
Repayments of long-term borrowings	-	(60,000)
Guarantee deposits refunded	(59)	(90)
Cash dividends paid	(94,001)	(89,854)
Repayment of the principal portion of lease liabilities	(192)	(393)
Net cash flows from (used in) financing activities	(94,252)	(150,337)
Net increase (decrease) in cash and cash equivalents	40,170	56,816
Cash and cash equivalents at beginning of period	114,600	57,784
Cash and cash equivalents at end of period	**$ 154,770**	**114,600**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN SPECIALITY CHEMICALS CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Taiwan Speciality Chemicals Corporation (the “Company”) in No.1, Zhangbin W. 3rd Rd., Xianxi Township, Changhua County 507, as a company limited by shares under the Company Act of the Republic of China (ROC) at March 27, 2013. The major business activities the sale and produce of Precision Chemical materials.

2. Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the Board of Directors on Febuary 19, 2024.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

- Amendments to IFRS16 “Leases Liability in a sale and Leaseback”

(3) The IFRS Accounting Standards in issue but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

The financial statements have been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations).

(2) Basis of preparation

A. Basis of measurement

The statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The Company’s functional currency is the currency of the main economic environment in which it operates. The financial statements is presented in the Company’ s functional currency, New Taiwan Dollar. Except for those specifically indicated, All financial information presented in NT dollars is expressed in NT$ thousand.

(3) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The asset is Cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to settle in its normal operating cycle; or

B. It is held primarily for the purpose of trading; or

C. It is due to be settled within twelve months after the reporting date; or

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of te counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash and cash in bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost, Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows；and.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial assets at the time of initial recognition. The interest consists of the following considerations: the time value of money, the credit risk associated with the amount of the outstanding principal in a specified period, and other basic loan risks and costs, and margin of profit.

To assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount, the Company considers the terms of the financial instrument contract, including assessing whether the financial asset contains a contractual term that changes the time point or amount of the contractual cash flow, resulting not meeting this condition. At the time of evaluation, the Company consider:

- Any contingency that would change the point or amount of the contractual cash flow;
- The terms that adjust the contractual coupon rate, including the characteristics of the variable interest rate;
- Early repayment and extension features; and
- The Company's claim is limited to terms derived from the cash flow of a particular asset (e.g. non-recourse characteristics).

(c) Impairment of financial assets

The Company recognizes the allowance for the expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable, refundable deposits and other financial assets, etc.) and contractual assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12 month ECL:

- Debt securities that are determined to have low credit risk at the reporting date；and
- The credit risk of other debt securities and bank deposits (i.e., the risk of default on the expected duration of the financial instruments) has not increased significantly since the initial recognition.

The allowance for receivables and contractual assets is measured at the amount of expected credit losses during the lifetime.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company historical experience and informed credit assessment as well as forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers the time deposit have low credit risk because the counterparty of the transaction and the performance of other parties are financial institutions above the investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's

financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective

interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(8) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in

rofit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 5 to 30 years

(b) Machinery equipment, other equipment and leased asset: 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(9) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease, modifications a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases with a term of 12 months or less and leases of the low-value assets, mainly including some of machinery equipments and transportation equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(10) Intangible assets

A. Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives (3 to 5 ears) of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds itsrecoverable amount.

Impairment losses are recognized in profit or loss. And then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of or depreciation amortization, if no impairment loss had been recognized.

(12) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods- Precision Chemical materials

The Company engages mainly in the production and sales of Precision Chemical materials. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(13) Employee Benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. Liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(14) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(15) Earnings per share

The Company discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration that could be settled in the form of stock. The Company’s potential diluted ordinary share includes employee remuneration that has not been resolved by the Board of Directors and has been issued in the form of shares.

(16) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the company financial statements in conformity with the Regulations and the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C., the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the company financial statements is as follows:

Impairment assessment of property, plant and equipment (including right-to-use assets)

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	**December 31, 2022**
Cash on hand	$ 50	100
Demand deposits	56,007	42,145
Time deposit	33,775	72,355
Repurchase bills	64,938	-
	$ 154,770	**114,600**

Please refer to note 6(19) for the interest rate risk and sensitivity analysis of the Company financial assets and liabilities

(2) Notes and accounts receivable, net

	December 31, 2023	**December 31, 2022**
Notes receivable	$ 2,264	751
Accounts receivable	118,348	70,965
	$ 120,612	**71,716**

As of December 31, 2023 and 202, the Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

As of December 31, 2023 and 2022, the loss allowance provision of accounts receivable (including related parties) was determined as follows:

	December 31, 2023		
	Gross amount of accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 120,612	0%	-

	December 31, 2022		
	Gross amount of accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 71,716	0%	-

(3) Inventories

	December 31, 2023	**December 31, 2022**
Raw materials	$ 3,717	4,575
Work in progress	2,057	6,264
Finished goods	98,088	148,474
Merchandises	34,820	6,650
	$ 138,682	165,963

Components of operating costs were as follows:

	For the year ended December 31,	
	2023	**2022**
Cost of goods sold	$ 226,257	167,690
Recognition (reversal) of provisions for inventory valuation gain	(428)	(60)
Impairment gain of property, plant and equipment (note 6 (5))	(20)	(9,856)
Unallocated fixed manufacturing expense	126,719	118,092
Other operating costs	(9,238)	(7,454)
	$ 343,290	268,412

As of December 31, 2023 and 2022, the Company's inventories mentioned above were not pledged as collateral.

(4) Property, plant and equipment

The Company for the years ended December 31, 2023 and 2022, the movements of cost, depreciation and impairment of the property, plant and equipment of the Company were as follows:

		Land	Buildings	Machinery and equipment	Construction in progress and equipment under installation	Total
Cost:						
Balance at January 1, 2023	$	797,910	440,404	1,088,026	67,864	2,394,204
Additions		-	33,582	12,764	31,072	77,418
Disposals		-	(2,282)	(241,492)	-	(243,774)
Reclassification		-	28,752	41,644	(70,396)	-
Balance at December 31, 2023	$	797,910	500,456	900,942	28,540	2,227,848
Balance at January 1, 2022	$	797,910	470,441	1,189,687	15,031	2,473,069
Additions		-	4,789	70,201	55,724	130,714
Disposals		-	(34,826)	(174,753)	-	(209,579)
Reclassification		-	-	2,891	(2,891)	-
Balance at December 31, 2022	$	797,910	440,404	1,088,026	67,864	2,394,204
Depreciation and impairment loss:						
Balance at January 1, 2023	$	-	113,588	849,029	12,140	974,757
Depreciation for the year		-	19,421	99,489	-	118,910
Impairment loss		-	-	(20)	-	(20)
Disposals		-	(2,282)	(240,458)	-	(242,740)
Reclassification		-	-	12,140	(12,140)	-
Balance at December 31, 2023	$	-	130,727	720,180	-	850,907
Balance at January 1, 2022	$	-	123,354	911,265	12,140	1,046,759
Depreciation for the year		-	24,826	118,769	-	143,595
Impairment loss		-	-	(9,856)	-	(9,856)
Disposals		-	(34,592)	(171,149)	-	(205,741)
Balance at December 31, 2022	$	-	113,588	849,029	12,140	974,757
Carrying amounts:						
Balance at December 31, 2023	$	797,910	369,729	180,762	28,540	1,376,941
Balance at January 1, 2022	$	797,910	347,087	278,422	2,891	1,426,310
Balance at December 31, 2022	$	797,910	326,816	238,997	55,724	1,419,447

The Company recognized an impairment loss of some machinery amounting to $20 thousand and $9,856 thousand for the years ended December 31, 2023 and 2022, where were recognized as cost of sales, due to changes in production technology.

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had been pledged as collateral for long-term and short-term loans and credit lines. Please refer to note 8.

(5) Right-of-use assets

The Company leased transportation equipment. Information about leases for which the company as a lessee was presented below:

	Trasportation equipment
Cost:	
Balance at January 1, 2023	**$ 1,157**
Disposals	(591)
Balance at December 31, 2023	**$ 566**
Balance at December 31, 2022 (as of Balance at January 1, 2022)	**$ 1,157**
Accumulated depreciation:	
Balance at January 1, 2023	$ 858
Depreciation	189
Disposals	(591)
Balance at December 31, 2023	**$ 456**
Balance at January 1, 2022	$ 473
Depreciation	385
Balance at December 31, 2022	**$ 858**
Carrying amount:	
Balance at December 31, 2023	**$ 110**
Balance at January 1, 2022	**$ 684**
Balance at December 31, 2022	**$ 299**

Please refer to note 6(11) for lease liabilities related to right-of-use assets.

(6) Intangible assets

The Company’s intangible assets is computer software. For the years ended December 31, 2023 and 2022, the cost and amortization of the intangible assets of the Company were as follows:

	Computer software
Cost:	
Balance at January 1, 2023	$ 1,408
Additions	480
Disposal	(378)
Balance at December 31, 2023	**$ 1,510**
Balance at January 1, 2022	$ 539
Additions	939
Disposal	(70)
Balance at December 31, 2022	**$ 1,408**
Amortization:	
Balance at January 1, 2023	$ 427
Amortization	266
Disposal	(378)
Balance at December 31, 2023	**$ 315**
Balance at January 1, 2022	$ 391
Amortization	106
Disposal	(70)
Balance at December 31, 2022	**$ 427**
Carrying amounts:	
Balance at December 31, 2023	**$ 1,195**
Balance at January 1, 2022	**$ 148**
Balance at December 31, 2022	**$ 981**

For the years ended December 31, 2023 and 2022, the amortization expenses of intangibles assets were $266 thousand and $106 thousand, respectively, recognized in the statements of comprehensive income.

(7) Other current and non- current assets

	December 31, 2023	December 31, 2022
Prepaid equipment	$ 3,115	824
Prepaid expense	5,120	1,009
Prepaid insurance	1,504	1,263
Prepaid construction	-	2,532
Others	1,197	1,552
	$ 10,936	7,180
Other current assets	$ 6,787	2,761
Other non-current assets	4,149	4,419
	$ 10,936	7,180

(8) Short-term borrowings

There is no short-term borrowings for the Company. The details of Unused credit lines were as follows:

	December 31, 2023	December 31, 2022
Unused credit lines	$ 730,000	630,000

(9) Long-term borrowings

Collateral for loan

Please refer to Note 8 for details of the Company's guarantees for bank loans with land and buildings.

(10) Other current and non-current liabilities

	December 31, 2023	December 31, 2022
Equipment and project payable	$ 26,446	50,003
Accrued expense	13,764	19,224
Others	5,271	3,177
	$ 45,481	72,404
Other current liabilities	$ 45,285	72,038
Other non-current liabilities	196	366
	$ 45,481	72,404

(11) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2023	December 31, 2022
Other current liabilities	$ 112	189
Other non-current liabilities	$ -	112

For the maturity analysis, please refer to note 6(19) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the year ended December 31,	
	2023	**2022**
Interest on lease liabilities	$ 3	6
Expenses relating to short-term leases	$ -	72
Expenses relating to leases of low value assets, excluding short term leases of low value asset	$ 230	247

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31,	
	2023	**2022**
Total cash outflow for leases	$ 422	712

The lease period of the Company's leased transportation equipment is three years.

(12) Employee benefits

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The pension costs incurred from contributions to the defined contribution plan were $3,591 thousand and $3,528 thousand for the years ended December 31, 2023 and 2022, respectively. Such contributions were made to the Bureau of the Labor Insurance, Ministry of Labor.

(13) Income tax

A. The components of income tax expenses (benefit) in 2023 and 2022 were as follows:

	For the year ended December 31,	
	2023	**2022**
Deferred tax benefit	$ (16,454)	(20,504)

Reconciliations of income tax and income before income tax were as follows:

	For the year ended December 31,	
	2023	**2022**
Income before income tax	$ 139,199	187,470
Income tax using the Company's domestic tax rate	$ 27,840	37,494
Change in unrecognized temporary differences	(4,023)	(15,360)
Current-year losses for which no deferred tax asset was recognized	(37,794)	(42,645)
Other	(2,477)	7
Income tax expense	$ (16,454)	(20,504)

B. Deferred tax assets and liabilities

The deferred tax assets have not been recognized

The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Carryforward of unused tax losses	$ 109,706	147,500
Tax effect of deductible temporary differences	30,768	34,791
	$ 140,474	182,291

According to the R.O.C. Income Tax Act, the previous 10 years' losses of the Company and its domestic subsidiaries as assessed by the tax authorities can offset the current year's net income for income tax purposes. The deferred tax assets have not been recognized in respect of these items because it is probable that future taxable profit will be available against which the Company can utilize the benefits there from.

As of December 31, 2023, the Company's unused operating loss carry forwards were as described below:

Year of loss	Unused tax losses	Expiry date
2017 (examined and assessed)	$ 57,003	2027
2018 (examined and assessed)	298,769	2028
2019 (examined and assessed)	192,758	2029
	$ 548,530	

Recognized deferred tax assets and liabilities:

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Deferred tax assets:							
Tax losses	$ -	20,504	-	20,504	16,454	-	36,958

C. The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. income tax authorities.

(14) Capital and other equity

A. Share capital

As of December 31, 2023 and 2022, the authorized common stock of the Company amounted to $4,000,000 thousand, with a par value of $10 per share, of which $100,000 thousand was divided into 10,000 thousand shares reserved for employee stock options. The numbers of Company's ordinary shares outstanding for the years ended December 31, 2023 and 2022 were both 138,237 thousand shares.

B. Retained earnings

The Company,s Article of Incorporation stipulates that Company is profitable for the year, after paying taxes and making up for accumulated losses, 10% is allocated as the legal reserve. However, no amount needs to be allocated when the legal reserve has reached the paid-in capital. After allocating or reversing the special reserve in accordance with the law or regulations of the competent authority, if necessary, if there is still any earnings remaining, it may be combined with undistributed earnings in the previous year and the Board of Directors may prepare an earnings distribution proposal. Where earnings are distributed in cash, the Board of Directors is authorized to distribute all or a part of the earnings in cash by adopting a resolution approved by the majority of directors in a board meeting with two thirds or more of all directors in attendance in accordance with Article 240, Paragraph 5 of the Company Act, and the distribution shall be reported to the shareholders' meeting. Where the dividends are distributed by issuing new shares, it shall be submitted to the shareholders' meeting for resolution before being distributed.The Company's dividend policy will be in line with business development and expansion in the future. The distribution of earnings must take into account the Company's future capital expenditure budget and funding needs. After allocating legal reserve and special reserve from earnings each year, no less than 50% of distributable earnings shall be distributed as dividends to shareholders. However, if the net profit, after deducting the legal reserve and special reserve, is less than 5% of paid-in capital, the Company may choose to not distribute dividends. Dividends may be distributed to shareholders in cash or stock, in which cash dividends may not be lower than 50% of all dividends.

Regarding the cumulative net amount of other deductions from equity, allocate an amount of special reserve equal to the amount allocated from the undistributed earnings from the preceding period. If an insufficiency remains, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

In accordance with Article 241 of the Company Act, the Company may distribute its legal reserve and capital reserve, in whole or in part, by issuing new shares or in cash, with both methods being proportional to the existing shareholders' respective shareholdings. When opting for cash distribution, the Company shall proceed only after the Board is authorized by adopting a resolution approved by the majority of directors at a Board meeting where two-thirds or more of all directors are present. Additionally, the cash distribution shall be reported to the shareholders' meeting; Where the dividends are distributed by issuing new shares, it shall be submitted to the shareholders' meeting for resolution before being distributed.

On February 19, 2024 the earnings distribution proposal for the year of 2023 was approved by the Board of Directors of the Company. The Company on May 12, 2023, the general meeting of shareholders resolved the amount of cash dividends for the 2022 profit distribution. The amount of dividends distributed to owners is as follows:

	For the year ended December 31,			
	2023		2022	
	Allotment rate (NT dollar)	Amount	Allotment rate (NT dollar)	Amount
Dividends distributed to ordinary shareholder:				
Cash dividends	$ 1.00	138,237	0.68	94,001

(15) Earnings per share

The Company's basic earnings per share are calculated as follows:

	For the year ended December 31,	
	2023	2022
Basic earnings per share		
Net Income attributable to the owner of the Company	$ 155,653	207,974
Weighted average number of ordinary shares outstanding during the year (in thousands of shares)	138,237	138,237
Basic earnings per share (NT dollars)	$ 1.13	1.50

	For the year ended December 31,	
	2023	2022
Diluted earnings per share		
Net Income attributable to the owner of the Company	$ 155,653	207,974
Weighted average number of ordinary shares outstanding during the year (in thousands of shares) (basic)	138,237	138,237
Effect of dilutive potential ordinary shares:		
－Effect of employee stock remuneration	476	557
Weighted average number of ordinary shares outstanding (in thousands of shares)	138,713	138,794
Diluted earnings per share (NT dollars)	$ 1.12	1.50

(16) Revenue from contracts with customers

		For the year ended December 31,	
		2023	**2022**
Primary geographical markets:			
Taiwan	$	408,392	431,479
Asia-other		117,145	93,864
America		23,272	5,753
Northeast Asia (Japan and Korea)		4,714	1,183
Total	**$**	**553,523**	**532,279**
Major product categories			
Precision Chemical materials	$	553,523	532,279
Total	**$**	**553,523**	**532,279**

For details on trade receivables and allowance for impairment, please refer to note 6(2).

(17) Remuneration to employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee remuneration and no more than 1% as directorss and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $5,070 thousand and $6,830 thousand, respectively, and directors' and supervisors' remuneration amounting to $720 thousand and $970 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year. There is no significant difference between the above-mentioned amount of remuneration for employees, directors and supervisors distributed by the resolution of the board of directors and the estimated amount in the company's financial report for the years ended December 31, 2022. The numbers of shares to be distributed for 2023 and 2022 were calculated based on the net worth financial statement of the previous year.

On June 17, 2022, the Company set up an audit committee in accordance with the Securities and Exchange Act, and no longer set up supervisors in accordance .

Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for the years ended December 31, 2023 and 2022

(18) Non-operating income and expenses

A. Interest income

		For the year ended December 31,	
		2023	**2022**
Interest income	$	1,113	550

B. Other revenue

		For the year ended December 31,	
		2023	**2022**
Rent revenue	$	1,773	1,751
Miscellaneous Income		882	6,346
Revenue from sale of scraps		132	-
	$	2,787	8,097

C. Other gains and losses

		For the year ended December 31,	
		2023	**2022**
Gains(losses) on disposal of property, plant and equipment	$	(68)	(2,740)
Foreign exchange gains (losses)		(2,427)	2,424
Others		-	(1,379)
	$	(2,495)	(1,695)

D. Finance costs

		For the year ended December 31,	
		2023	**2022**
Interest expenses on lease liabilities	$	3	6
Interest expenses on bank loans		-	124
Others		1	-
	$	4	130

(19) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Company are from the silicon wafer and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the silicon wafer industry. As of December 31, 2022 and 2021, 76% and 68%, respectively of the Company's accounts receivable (including related parties) were from the 2 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Accounts payable	$ 21,558	(21,558)	(21,558)	-	-	-	-
Accrued payroll and bonus	16,682	(16,682)	(16,682)	-	-	-	-
Other accounts payable (including related parties)	42	(42)	(42)	-	-	-	-
Other accrued expense (other current liabilities)	40,210	(40,210)	(40,210)	-	-	-	-
Current lease liabilities	112	(112)	(96)	(16)	-	-	-
Guarantee deposits received (other current liabilities)	196	(196)	-	-	(196)	-	-
Accrued remuneration of directors and surpervisors (other current liabilities)	2,630	(2,630)	(2,630)	-	-	-	-
	$ 81,430	(81,430)	(81,218)	(16)	(196)	-	-
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	$ 13,775	(13,775)	(13,775)	-	-	-	-
Accrued payroll and bonus	19,443	(19,443)	(19,443)	-	-	-	-

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
Other accounts payable (including related parties)	276	(276)	(276)	-	-	-	-
Other accrued expense (other current liabilities)	69,227	(69,227)	(69,227)	-	-	-	-
Current and noncurrent lease liabilities	301	(304)	(96)	(96)	(112)	-	-
Guarantee deposits received (other current liabilities)	255	(255)	-	-	(255)	-	-
Accrued remuneration of directors and supervisors (other current liabilities)	1,900	(1,900)	(1,900)	-	-	-	-
	$ 105,177	(105,180)	(104,717)	(96)	(367)	-	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary Items						
USD	$ 3,534	30.705	108,511	875	30.710	26,871
Financial liabilities						
Monetary Items						
USD	548	30.705	16,826	319	30.710	9,796

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and other accounts receivable those are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against the USD, as of December 31, 2023 and 2022, would have increased or decreased the net income before income tax by $4,584 thousand and $854 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(c) Foreign exchange gain and losses on monetary exchange

The exchange rate information and the exchange gain or loss (including realized and unrealized) of the Company's monetary items converted into functional currency (i.e. the Company's expression currency) were as follows:

	For the year ended December 31,			
	2023		2022	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	$ 2,427	31.1773	(2,424)	29.8489

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company' s financial assets and financial liabilities.

As of December 31, 2023 and 2022, the Company ado pts cash and equivalent cash and long-term Term loan，If the interest rate had increased or decreased by 0.25%., the Company' s net income before income tax would have decreased or increased by $140 thousand and 105 thousand, for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Company' s bank deposits and borrowings with variable rates.

E. Fair value of financial instruments

(a) Fair value hierarchy

The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 154,770	-	-	-	-
Net notes and accounts receivable	120,612	-	-	-	-
Other accounts receivable (including related parties)	141	-	-	-	-
	$ 275,523	-	-	-	-
Financial liabilities measured with amortized costs					
Accounts payable	$ 21,558	-	-	-	-
Accrued payroll and bonus	16,682	-	-	-	-
Other accounts payable (including related parties)	42	-	-	-	-
Other accrued expense (other current liabilities)	40,210	-	-	-	-
Lease liabilities-current and noncurrent	112	-	-	-	-
Accrued remuneration of directors and supervisors (other current liabilities)	2,630	-	-	-	-
	$ 81,234	-	-	-	-

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 114,600	-	-	-	-
Net notes and accounts receivable	71,716	-	-	-	-
Other accounts receivable (including related parties)	138	-	-	-	-
	$ 186,454	-	-	-	-
Financial liabilities measured with amortized costs					
Accounts payable	$ 13,775	-	-	-	-
Accrued payroll and bonus	19,443	-	-	-	-
Other accounts payable (including related parties)	276	-	-	-	-
Other accrued expense (other current liabilities)	69,227	-	-	-	-
Lease liabilities-current and noncurrent	301	-	-	-	-
Accrued remuneration of directors and supervisors (other current liabilities)	1,900	-	-	-	-
	$ 104,922	-	-	-	-

(b) Valuation technique of fair value of financial instruments that are not measured at fair value

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

There are no transfers between fair value tiers in December 31, 2023 and 2022.

(20) Financial risk management

A. Overview

The financial instrument that the Company is using is exposed to the following risks:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above mentioned risks.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company adopts a comprehensive risk management and control system to identify all risks of the Company, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's market risk management objectives are to achieve optimal risk parts, maintain appropriate liquidity parts, and centrally manage all market risks under due consideration of the economic environment, competition conditions, and market value risks.

The Board of Directors has overall responsibility for supervise the Company adopts a comprehensive risk management and control system. The Company's financial accounting department provides services to various businesses and conducts financial market operations. Important financial activities are reviewed after review by the board of directors. During the implementation of the financial plan, the Company must obey the relevant financial risk management and division of powers and responsibilities. Financial operation procedures.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in debt securities, please refer to note 6(19).

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’ s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

Some of the Company's transactions are based on USD and RMB, so it is revealed to non -functional currency. The Company adopts a natural risk avoidance strategy for the exchange rate risk arising from the denominated transactions.

(b) Interest risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to changes in market interest rates, or the risk of changes in the cash flow of financial instruments caused by changes in market interest rates. The risk of interest rate exposure of financial assets and financial liabilities of the Company is described in the liquidity risk management of this note.

(21) Capital management

The Company's capital management goal is to protect the ability to going concern, to continue to provide shareholder remuneration and other stakeholders' interests, and to maintain an optimal capital structure to reduce capital costs.

In order to maintain or adjust the capital structure, the company may adjust the dividends paid to shareholders, reduce capital and return shareholders' shares, issue new shares or sell assets to pay off liabilities.

The Company is the same as its peers, which controls capital on the basis of the debt to equity ratios. The ratio is calculated as net debt divided by total equity. Net debt is the total liabilities shown in the balance sheet minus cash and cash equivalents，Total equity is all components of quity (including share capital, capital surplus, retained earnings and other equity interests).

The Company's debt to equity ratios at the end of the reporting periods were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 83,763	105,898
Less: cash and cash equivalents	(154,770)	(114,600)
Net debts	**$ (71,007)**	**(8,702)**
Total equity	**$ 1,756,582**	**1,694,930**
Debt-to-equity ratio	**-**	**-**

Decrease in debt-to-equity ratio as of December 31, 2022 due to the decrease in equipment and project payable.

(22) Cash flow information

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Others	December 31, 2023
Guarantee deposits received	$ 255	(59)	-	196
Current and noncurrent lease liabilities	301	(192)	3	112
Total liabilities from financing activities	**$ 556**	**(251)**	**3**	**308**

	January 1, 2022	Cash flows	Others	December 31, 2022
Long-term borrowings	$ 60,000	(60,000)	-	-
Guarantee deposits received	345	(90)	-	255
Current and noncurrent lease liabilities	688	(393)	6	301
Total liabilities from financing activities	**$ 61,033**	**(60,483)**	**6**	**596**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling the Company. As of December 31, 2023, it owns 30.09% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
Sino-American Silicon Products Inc. (“SAS”)	The parent company
Sunrise PV Four Co., Ltd. (Sunrise PV Four)	SAS's subsidiary
GlobalWafers Co., Ltd (“GWC”)	SAS's subsidiary

(3) Significant transactions with related parties

A. Lease

The Company has entered into a factory car park and roof lease contract with related parties, and the details of the rent revenue are as follows:

Categories	For the year ended December 31, 2023	2022
Other related parties- (Sunrise PV Four)	**$ 1,085**	**1,050**

The Company leased the factory to (Sunrise PV Four). As of December 31, 2023 and 2022, the rent receivables (other accounts receivable (including related parties)) are $141 thousand and $138 thousand, respectively.

B. Others

(a)The related parties charged the Company for their services, including administrative assistance, technical service, legal work appointment, and plant lease, etc. Details of related other expenses and payables to related parties were as follows:

Categories	For the year ended December 31, 2023	2022
Parent company	$ 285	1,091
Other related parties- (GWC)	81	-
	$ 366	1,091

Items	Categories	December 31, 2023	December 31, 2022
Other accounts payable (including related parties)	Parent company	$ 42	276

(b)The Company provided other services for related parties, details of miscellaneous income and other related income are included are as follows:

Categories	For the year ended December 31, 2023	2022
Other related parties- (GWC)	$ 22	-

(4) Key management personnel compensation

Key management personnel compensation comprised of:

	For the year ended December 31, 2023	2022
Short-term employee benefits	$ 20,288	22,123
Post-employment benefits	915	890
	$ 21,203	23,013

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2023	December 31, 2022
Land	Long-term borrowings	$ 797,910	797,910
Buildings	Long-term borrowings	292,067	310,073
		$ 1,089,977	1,107,983

9. Commitments and contingencies:

The Company signed a number of equipment purchase contracts with manufacturers. As of December 31, 2023 and 2022, the contracted unpaid expense are $10,165 thousand and $42,836 thousand, respectively.

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows：

By funtion / By item	For the year ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	40,230	30,340	70,570	44,344	35,588	79,932
Labor and health insurance	5,202	3,034	8,236	4,957	2,843	7,800
Pension	2,132	1,459	3,591	2,114	1,414	3,528
Remuneration of directors	-	2,785	2,785	-	1,888	1,888
Others	2,396	2,053	4,449	2,288	1,780	4,068
Depreciation	108,882	10,217	119,099	134,657	9,323	143,980
Amortization	-	266	266	-	106	106

As of December 31, 2023 and 2022, the number of employees in the company is 109 and 110, respectively, the number of non-part-time directors is 7 and 6, respectively.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

(2) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China): None.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: None.

B. Limitation on investment in Mainland China: None.

C. Significant transactions: None.

14. Segment information:

(1) General information

The operating department of the company is only a single department, which is mainly engaged in the research, development and sales of precision chemical materials. In addition, the information of departmental profit and loss, departmental assets and departmental liabilities is consistent with the financial report. Please refer to the balance sheet and comprehensive income statement

(2) Products and services information

The Company's production and sales of fine precision chemical materials all come from external customers. For relevant information, please refer to Note 6 (16) of the revenue of the customer contract.

(3) Geographical information

A. For the Company’s revenue from external customers and the relevant customer contract revenue, please refer to note 6(16). Company revenue is classified based on the geographic location of the customer or the location of the agent's company registration, while non-current assets are classified based on the geographic location of the asset.

B. Non-current assets:

Geographical information	December 31, 2023	December 31, 2022
Non-current assets:		
Taiwan	$ 1,382,395	1,425,146

(4) Major Clients Information

The clients that accounted for 10% or more of the company's operating revenue as follow：

	For the year ended December 31, 2023	For the year ended December 31, 2022
Client A	$ 309,707	320,819
Client E	110,817	71,051
Client B	6,081	58,753
	$ 426,605	450,623

Taiwan Speciality Chemicals Corporation

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash and cash on hand	$ 50
Repurchase bills		64,938
Bank deposits	Demand deposits	35,593
	Foreign currency time deposits (USD: 1,100,000)	33,775
	Foreign currency deposits (USD: 664,856.09)	20,414
	Subtotal	89,782
	Total	**$ 154,770**

Note: Foreign currency exchange rates at the balance sheet date are as follows:

USD exchange rate: 30.705

Statement of notes receivable

Customer Name	Description	Amount
Accounts Receivable:		
Company A	Operating revenues	$ 62,316
Company E	Operating revenues	24,541
Company C	Operating revenues	17,896
Company F	Operating revenues	12,195
Others (individual amount does not exceed 5%)	Operating revenues	3,664
		$ 120,612

Taiwan Speciality Chemicals Corporation

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Amount		
Items	**Cost**	**Net realizable value**	**Remark**
Raw materials and Supplies	$ 3,989	3,717	Net realizable value based on market price
Work in progress	2,057	2,057	Net realizable value based on market price
Finished goods	98,088	312,461	Net realizable value based on market price
Merchandises	34,906	50,884	Net realizable value based on market price
Less: Allowance for loss	(358)	-	
	$ 138,682	369,119	

Statement of other current assets and other non-current assets

Please refer to note 6(7) of the financial statements for relevant information of other current assets and other non-current assets.

Statement of changes in property, plant and equipment

Please refer to note 6(4) of the financial statements for relevant information of property, plant and equipment.

Taiwan Speciality Chemicals Corporation

Statement of changes in right-of-use assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(5) of the financial statements for relevant information of changes in right-of-use assets.

Statement of changes in intangible assets

Please refer to note 6(6) of the financial statements for relevant information of changes in intangible assets.

Statement of notes payable

Vender Names	Amount
Accounts payable:	
Vender B	$ 12,617
Vender E	3,479
Vender G	2,292
Vender H	1,354
Others (individual amount does not exceed 5%)	1,816
	$ 21,558

Taiwan Speciality Chemicals Corporation

Statement of lease liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Lease term	Discount Rate	Ending balance
Transportation Equipment	Company vehicle	2021/7/31~2024/7/30	1.18%	$ 112

Statement of other current liabilities and other non-current liabilities

Please refer to note 6(10) of the financial statements for relevant information of other current liabilities and other non-current liabilities.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Sales volume	Amount
Precision Chemical material	93,411KG and 418CYL	**$ 553,523**

Taiwan Speciality Chemicals Corporation

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning inventory - goods	$ 6,650
Add: Purchase in this period	102,463
Less: Inventories at the end of the period	(34,906)
Miscellaneous out of warehouse	(412)
Transfer of sale expenses	(248)
Cost of goods purchased and sold	73,547
Raw material consumption	
Beginning raw materials	5,362
Add:Material purchased in this period	31,779
Miscellaneous enter warehouse	575
Less:Ending raw materials	(3,989)
Raw materials required by the department	(25,939)
Consumption of raw materials in this period	7,788
Direct labor	23,563
Manufacturing expenses	57,826
Manufacturing cost	89,177
Add: Beginning WIP goods	6,263
Miscellaneous enter warehouse	10,966
Less: Ending WIP goods	(2,057)
Costs of finished goods	104,349
Add: Beginning finished goods	148,474
Less: Ending finished goods	(98,088)
Transfer of sale expenses	(2,011)
Miscellaneous required	(14)
Cost of finished goods sold	152,710
Cost of goods sold	226,257
Add: Other operating costs	(9,238)
Recognition (reversal) of provisions for inventory valuation gain	(428)
Unallocated fixed manufacturing expense	126,719
Recognition reversal of the impairment loss of fixed assets	(20)
Total operating costs	$ 343,290

Taiwan Speciality Chemicals Corporation

Statement of selling expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Shipping expenses		$ 5,077
Salary expenses		3,536
Import/export expenses		2,153
Insurance expenses		1,837
Others (summary of individual amount not exceeding 5%)		1,692
		$ 14,295

Statement of administrative expenses

Items	Description	Amount
Salary expenses		$ 26,630
Utilities expenses		6,301
Depreciation		3,046
Others (summary of individual amount not exceeding 5%)		3,849
		$ 39,826

Taiwan Speciality Chemicals Corporation

Statement of research and development expenses

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Salary expenses		$ 9,505
Depreciation		6,855
Others (summary of individual amount not exceeding 5%)		1,954
		$ 18,314

Statement of non-operating income and expenses

Please refer to note 6(18) of the financial statements for relevant information of non-operating income and expenses.

Taiwan Speciality Chemicals Corporation

Statement of finance costs

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(18) of the financial statements for relevant information of finance costs.

Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by functions

Please refer to note 12 of the financial statements for relevant information of employee benefits, depreciation, and amortization expenses.