Stock Code:1726

YUNG CHI PAINT & VARNISH MFG. CO., LTD

PARENT COMPANY ONLY
FINANCIAL STATEMENTS WITH REPORT OF
INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

Address: No. 26,28, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan (R.O.C.)
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Independent Auditors’ Report

To YUNG CHI PAINT & VARNISH MFG. CO., LTD:

Audit opinion

We have audited the parent company only balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD (YUNG CHI) as of December 31, 2023 and 2022, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flows for the period from January 1 through December 31, 2023 and 2022, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the financial position of YUNG CHI as of December 31, 2023 and 2022, and its parent company only financial performance and cash flows for the period from January 1 through December 31, 2023 and 2022.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We were independent of YUNG CHI in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the parent company only financial statements of YUNG CHI for the year ended December 31, 2023 are stated as follows:

<u>Revenue recognition</u>

YUNG CHI mainly engages in manufacture and sale of paints and coating materials and the undertaking of painting projects, of which the manufacture and sale of paints and coating materials accounts for more than 90% of annual sales. Since revenue recognition is something whose default setting carries significant risks, and which fluctuates along with market demand changes and is of concern to users of the financial statements, we have identified the revenue from specific customers and the sale of specific paints and coating materials as the key audit matter. For the accounting policy regarding sales revenue, see Note 4 of this parent company only financial statements.

We also performed the following key audit procedures:

I. Understood and tested the design of the internal control over the sales cycle, as well as the effectiveness of implementation thereof.
II. Checked relevant documents to see whether the control over products has indeed transferred and performance obligations fulfilled; tested the collection cycle to see whether revenues have indeed occurred.
III. Examined significant sales return after the reporting date to verify the authenticity of sales revenue recognized before the balance sheet date.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability of YUNG CHI 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 YUNG CHI 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 YUNG CHI's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in these parent company only financial statements. Misstatements can arise from fraud or error. They 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 standalone financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

I. Identify and assess the risks of material misstatement of the standalone 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.

II. 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 internal control of YUNG CHI.

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

IV. 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 ability of YUNG CHI to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 auditor's report. However, future events or conditions may cause YUNG CHI to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether or not the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities of YUNG CHI to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of YUNG CHI. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche Taiwan

CPA: Kuo Li-Yuan	CPA: Hsu Jui-Hsuan
Approval No. from the Securities and Futures Commission	Approval No. from the Financial Supervisory Commission
Tai-Tsai-Cheng-Liu-Zi No. 0920123784	Jin-Guan-Zheng-Shen-Zi #1020025513

March 11, 2024

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Balance Sheet

As of December 31, 2023 and 2022

Unit: NT$1,000

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	$ 959,391	9	$ 626,989	6
1110	Financial assets at fair value through profit or loss（Notes 4 and 7）	355,994	3	-	-
1120	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	439,681	4	384,288	3
1140	Contract assets (Note 21)	100,094	1	95,555	1
1150	Notes receivable, net (Note 9)	248,381	2	330,705	3
1160	Notes receivable - related parties (Notes 9 and 27)	52,767	1	58,079	-
1170	Accounts receivable, net (Note 9)	1,329,669	12	1,394,160	13
1180	Accounts receivable - related parties (Notes 9 and 27)	215,549	2	333,172	3
1200	Other receivables (Note 9)	15,943	-	20,899	-
1210	Other receivables - related parties (Notes 9 and 27)	35,490	-	27,577	-
130X	Inventories (Notes 4 and 10)	1,536,885	14	1,651,842	15
1476	Other financial assets (Note 11)	16,245	-	-	-
1479	Other current assets	95,047	1	58,280	1
11XX	Total Current Assets	5,401,136	49	4,981,546	45
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	29,567	-	75,330	1
1550	Investments accounted for using equity method (Notes 4 and 12)	4,028,952	36	4,178,083	38
1600	Property, plant, and equipment (Notes 4, 13 and 28)	1,523,355	13	1,523,788	14
1755	Right-of-use assets (Notes 4 and 14)	22,816	-	9,068	-
1760	Investment property (Notes 4 and 15)	203,699	2	205,384	2
1780	Intangible assets (Note 4)	2,601	-	4,614	-
1840	Deferred income tax assets (Note 23)	50,076	-	51,048	-
1915	Equipment prepayments	10,405	-	27,204	-
1920	Guarantee deposits paid	16,676	-	17,904	-
1980	Other financial assets (Notes 11 and 28)	3,560	-	1,768	-
15XX	Total Non-current Assets	5,891,707	51	6,094,191	55
1XXX	Total Assets	$ 11,292,843	100	$ 11,075,737	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 16, 27 and 28)	$ 1,378	-	$ -	-
2130	Contract liabilities (Note 21)	57,746	1	54,260	1
2150	Notes payable	33,644	-	23,597	-
2170	Accounts payable (Note 27)	759,788	7	701,490	6
2200	Other payables (Notes 17 and 27)	325,111	3	412,712	4
2230	Current income tax liabilities (Note 223)	129,835	1	110,492	1
2280	Lease liability (Notes 4, 14 and 27)	8,020	-	8,346	-
2365	Refund liabilities	44,367	-	32,260	-
2399	Other current liabilities	20,837	-	688	-
21XX	Total Current Liabilities	1,380,726	12	1,343,845	12
	Non-current liabilities				
2550	Provisions (Notes 4 and 18)	6,383	-	15,022	-
2570	Deferred income tax liabilities (Notes 5 and 23)	82,778	1	127,778	1
2580	Lease liability (Notes 4, 14 and 27)	14,823	-	935	-
2640	Net defined benefit liability (Notes 4 and 19)	14,229	-	9,262	-
2645	Guarantee deposit received	5,888	-	5,696	-
25XX	Total Non-current Liabilities	124,101	1	158,693	1
2XXX	Total liabilities	1,504,827	13	1,502,538	13
	Equity (Note 20)				
3110	Capital stock	1,620,000	14	1,620,000	15
3200	Capital surplus	109,430	1	109,380	1
	Retained earnings				
3310	Legal reserve	1,999,353	18	1,917,371	17
3320	Special reserve	490,499	4	490,499	5
3350	Unappropriated earnings	5,811,676	52	5,630,491	51
3300	Total retained earnings	8,301,528	74	8,038,361	73
3400	Other equity	(242,942)	(2)	(194,542)	(2)
3XXX	Total equity	9,788,016	87	9,573,199	87
3X2X	Total Liabilities and Equity	$ 11,292,843	100	$ 11,075,737	100

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

Chairperson: Chang Te-Jen　　Manager: Chen Hung-Wei　　Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Statement of Comprehensive Income
January 1 through December 31, 2023 and 2022

Unit: NT$1,000, except earnings per share

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenue (Notes 4, 21 and 27)				
4100	Goods sales revenue	$ 6,817,448	95	$ 7,065,652	92
4520	Construction revenue	364,608	5	619,640	8
4000	Total operating revenue	7,182,056	100	7,685,292	100
	Operating cost (Notes 10,19, 22 and 27)				
5110	Sales cost	5,103,518	71	5,499,851	72
5520	Construction cost	312,673	4	536,654	7
5000	Total operating cost	5,416,191	75	6,036,505	79
5900	Operating gross profit	1,765,865	25	1,648,787	21
5910	Realized (Unrealized) gain on sales	7,824	-	(19,625)	-
5950	Gross profit	1,773,689	25	1,629,162	21
	Operating expenses (Notes 9, 19, 22 and 27)				
6100	Marketing expenses	512,102	7	501,204	6
6200	General and administrative expenses	198,574	3	188,347	2
6300	R&D expense	248,662	4	213,290	3
6450	Loss (Reversal gain) on expected credit impairment	4,030	-	(7,130)	-
6000	Total operating expenses	963,368	14	895,711	11
6900	Operating Income	810,321	11	733,451	10
	Non-operating income and expenses (Notes 22 and 27)				
7100	Income from interests	13,764	-	2,237	-
7010	Other income	33,966	1	34,561	1
7020	Other gains and losses	8,263	-	102,295	1
7050	Financial cost	(172)	-	(1,780)	-
7070	Share of profit or loss of associates and subsidiaries accounted for using the equity method (Note 12)	109,199	2	137,457	2
7000	Total non-operating income and expenses	165,020	3	274,770	4
7900	Net profits before tax	975,341	14	1,008,221	14
7950	Income tax expenses (Notes 4 and 23)	144,103	2	193,747	3
8200	Net profit in the current year	831,238	12	814,474	11
	Other comprehensive income (Notes 19, 20 and 23)				
8310	Items that will not be reclassified to profit or loss				
8311	Re-measurement of defined benefit plans	(11,360)	-	3,805	-
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	23,721	-	(36,041)	-
8330	Share of other comprehensive income of associates and subsidiaries accounted for using equity method	(11)	-	(36)	-
8349	Income tax expenses related to items that will not be reclassified	2,272	-	(761)	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising in the translation of foreign operations	(64,093)	(1)	141,265	1
8300	Other comprehensive income (net after tax) for the year	(49,471)	(1)	108,232	1
8500	Total comprehensive income for the year	$ 781,767	11	$ 922,706	12
	Earnings per share (Note 24)				
9710	Basic	$ 5.13		$ 5.03	
9810	Diluted	$ 5.12		$ 5.02	

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

Chairperson: Chang Te-Jen Manager: Chen Hung-Wei Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of Changes in Equity

January 1 through December 31, 2023 and 2022

Unit: NT$1,000

				Retained earnings				Other equity		
Code		Capital stock	Capital reserves	Legal reserve	Special reserves	Undistributed earnings	Total	Exchange differences arising in the translation of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Total	Total equity
A1	Balance as of January 1, 2022	$1,620,000	$ 109,328	$1,825,879	$ 492,801	$5,469,163	$7,787,843	($ 417,790)	$ 118,060	($ 299,730)	$9,217,441
	Earnings allocation and distribution for 2021 (Note 20)										
B1	Legal reserve	-	-	91,492	-	(91,492)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(567,000)	(567,000)	-	-	-	(567,000)
B17	Reversal of special reserves	-	-	-	(2,302)	2,302	-	-	-	-	-
C3	Amount from donation	-	52	-	-	-	-	-	-	-	52
D1	Net profit for 2022	-	-	-	-	814,474	814,474	-	-	-	814,474
D3	Other comprehensive income (loss) after tax for 2022	-	-	-	-	3,044	3,044	141,265	(36,077)	105,188	108,232
D5	Total comprehensive income for 2022	-	-	-	-	817,518	817,578	141,265	(36,077)	105,188	922,706
Z1	Balance as of December 31, 2022	1,620,000	109,380	1,917,371	490,499	5,630,491	8,038,361	(276,525)	81,983	(194,542)	9,573,199
	Earnings allocation and distribution for 2022 (Note 20)										
B1	Legal reserve	-	-	81,982	-	(81,982)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(567,000)	(567,000)	-	-	-	(567,000)
C3	Amount from donation	-	50	-	-	-	-	-	-	-	50
D1	Net profit for 2023	-	-	-	-	831,238	831,238	-	-	-	831,238
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	(9,088)	(9,088)	(64,093)	23,710	(40,383)	(49,471)
D5	Total comprehensive income for 2023	-	-	-	-	822,150	822,150	(64,093)	23,710	(40,383)	781,767
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 20)	-	-	-	-	8,017	8,017	-	(8,017)	(8,017)	-
Z1	Balance as of December 31, 2023	$1,620,000	$ 109,430	$1,999,353	$ 490,499	$5,811,676	$8,301,528	($ 340,618)	$ 97,676	($ 242,942)	$9,788,016

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

Chairperson: Chang Te-Jen　　Manager: Chen Hung-Wei　　Accounting Manager: Chen Hsi-Hui

Y YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of Cash Flows

January 1 through December 31, 2023 and 2022

Unit: NT$1,000

Code		2023	2022
	Cash flow from operating activities		
A10000	Pre-tax profit for the year	$ 975,341	$1,008,221
A20010	Adjustments for:		
A20100	Depreciation	82,220	85,962
A20200	Amortization	2,236	1,242
A20300	Loss (Reversal gain) on expected credit impairment	4,030	(7,130)
A20400	Gains on financial assets at fair value through profit or loss	(4,855)	(145)
A20900	Financial cost	172	1,780
A21200	Income from interests	(13,764)	(2,237)
A21300	Dividend income	(12,435)	(19,650)
A22400	Share of profit or loss of associates and subsidiaries accounted for using equity method	(109,199)	(137,457)
A22500	Loss (gain) on disposal or property, plant, and equipment	163	(39,464)
A24000	Unrealized (realized) gain on sales	(7,824)	19,625
A29900	Provisions reversed	(8,639)	(14,191)
A29900	Refund liabilities recognized	146,615	140,445
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(4,539)	20,424
A31130	Notes receivable	84,004	(124,753)
A31140	Notes receivable - related parties	5,420	(14,611)
A31150	Accounts receivable	59,272	(154,928)
A31160	Accounts receivable - related parties	117,024	(52,135)
A31180	Other receivables	5,588	14,784
A31190	Other receivable - related parties	(7,913)	15,244
A31200	Inventories	114,957	148,587
A31240	Other current assets	(36,767)	(16,556)
A32125	Contract liabilities	3,486	32,227
A32130	Notes payable	10,047	(2,931)
A32150	Accounts payable	58,298	(112,479)
A32180	Other accounts payable	10,714	(9,243)
A32200	Provisions	-	(53)
A32230	Other current liabilities	20,149	(1,291)
A32240	Net defined benefit liabilities	(6,393)	(15,826)
A32990	Refund liabilities	(134,508)	(149,720)
A33000	Cash flow from operating activities	$1,352,900	$ 613,741

Code		2023	2022
A33100	Interest received	13,132	2,344
A33200	Dividends received	12,435	19,650
A33300	Interest paid	(633)	(1,820)
A33500	Income taxes paid	(166,516)	(162,526)
AAAA	Net cash generated by operating activities	1,211,318	471,389
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(53,079)	-
B00020	Disposal of financial assets at fair value through other comprehensive income	50,971	-
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	16,199	-
B00100	Acquisition of financial assets at fair value through profit or loss	(1,050,000)	(100,000)
B00200	Disposal of financial assets at fair value through profit or loss	698,861	100,145
B02700	Acquisition of property, plant and equipment	(53,726)	(90,507)
B02800	Proceeds from disposal or property, plant and equipment	683	50,014
B03700	Decrease (Increase) in guarantee deposit paid	1,228	(431)
B04500	Acquisition of intangible assets	(223)	(1,724)
B06500	Decrease (Increase) in other financial assets	(18,037)	166,209
B07600	Dividends from subsidiaries	202,050	137,850
BBBB	Net cash generated by (used in) investing activities	(205,073)	261,556
	Cash Flow from Financing Activities		
C00100	Increase (Decrease) in short-term borrowings	1,378	(10,533)
C03000	Increase in guarantee deposit received	192	49
C03800	Decrease in other payables	(100,000)	(100,000)
C04020	Repayment of principal of lease liabilities	(8,463)	(8,244)
C04500	Cash dividends paid	(567,000)	(567,000)
C09900	Refund of shareholder unclaimed dividends	50	52
CCCC	Net cash used in financing activities	(673,843)	(685,676)
EEEE	Increase in cash and cash equivalents	332,402	47,269
E00100	Cash and cash equivalents - beginning of year	626,989	579,720
E00200	Cash and cash equivalents - end of year	$ 959,391	$ 626,989

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

Chairperson: Chang Te-Jen Manager: Chen Hung-Wei Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Notes to the Parent Company Only Financial Statements
January 1 through December 31, 2023 and 2022
(All amounts are in NT$ thousand unless otherwise specified)

I. Company History

Founded in May 1957 in Kaohsiung, YUNG CHI PAINT & VARNISH MFG. CO., LTD (the "Company" hereinafter) is mainly engaged in the manufacture and sale of paints and coatings and the undertaking of painting projects.

The Company's shares began trading on Taiwan Stock Exchange in September 2000.

The individual financial statements are stated in the functional currency of the Company, which is New Taiwan Dollars.

II. Date and procedures of approval of the financial statements

The parent company only financial statements were approved at the Board meeting on March 11, 2024.

III. Application of New Standards, Amendments, and Interpretations

(I) First application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations (IFRIC), and SIC interpretations (SIC) (hereinafter collectively referred to as "IFRS Accounting Standards") approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The application of the amended IFRS Accounting Standards approved and promulgated by the Financial Supervisory Commission won't cause any significant changes to the accounting policy of the Company.

(II) Application of the FSC-endorsed IFRS Accounting Standards in 2023

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB(Note 1)
Amendments to IFRS 16 "Leases Liability	January 1, 2024 (Note 2)

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

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

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

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

As of the date when the parent company only financial statements were approved by the Board of Directors, the Company assessed the said amended standards and interpretations and found them to have no significant effects on the Company’s financial position and financial performance.

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

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of	January 1, 2025 (Note 2)

Exchangeability"

Note 1: Unless otherwise specified, the above-mentioned new/ amended/ revised standards or interpretations shall become effective in the annual reporting periods beginning on or after each effective date.

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

Up to the date on which the parent company only financial statements were approved by the Board of Directors, the Company assessed the effects of the said amendments to other standards and interpretations on the financial position and performance on a continuous basis. The relevant effects will be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Compliance statement

The individual financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the plan assets, the parent company only financial statements were prepared on the basis of historical cost.

Fair value measurements are classified into Level 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that is accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. inferred from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

When preparing the individual financial statements, the Group accounted for subsidiaries and associates using the equity method. To align the profit or loss, other comprehensive income, and equity in the parent company only financial statements with those attributable to owners of the Company stated in the consolidated financial statements, any differences resulting from the difference between parent company only basis and consolidated basis are adjusted through "Investment accounted for using equity method", "Share of profit or loss of associates, subsidiaries, and joint ventures accounted for using the equity method", "Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method", and other related equity items.

(III) Criteria for classification of assets and liabilities as current or non-current

Current assets include:

1. Assets that are held mainly for trading purposes;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12

months after the balance sheet date).

Current liabilities include:

1. Liabilities that are held mainly for trading purposes;
2. liabilities that will be settled within 12 months after the balance sheet date; and
3. liabilities whose due date cannot be unconditionally extended to more than 12 months after the balance sheet date.

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

(IV) Foreign currency

When preparing the parent company only financial statements, the Company translated the transactions denominated in currencies other than its functional currency (i.e., foreign currencies) into its functional currency by applying the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period.

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on the date the fair value was determined. The exchange differences resulting therefrom are recognized in profit or loss of the period, or in other comprehensive income when changes in fair value of such items were designated to be recognized in other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries or associates of which the countries they operate or the currencies they use are different from those of the Company) are translated into NTD at the exchange rate prevailing on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, materials, finished goods, and products. Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiary

The Company accounted for investment in subsidiaries using the equity method.

Subsidiaries are entities controlled by the Company.

Under the equity method, the investment is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on profits distributed and the Company's shares of profit/loss and other comprehensive income in the subsidiaries. In addition, changes in subsidiaries' other equity attributable to the Company are recognized according to the shareholding percentage.

If a change in the Company's equity interest in a subsidiary does not result in lose of control, such change is accounted for as an equity transaction. The differences between the book value and the received or paid consideration are recognized directly in equity.

When the Company's share of losses in the associate is equal to or exceed its equity in the subsidiary (including the carrying amount of investment in the subsidiary under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned) , the Company will continue to recognize further losses in proportion to its shareholding percentage.

When losing control over a subsidiary, the Company measures its residual investment in that subsidiary at fair value on the date of loss of control. The difference between the fair value and any disposal consideration of the residual investment and the carrying amount of the investment on the date of loss of control is recognized in profit or loss of the current period. In addition, the amounts in relation to the subsidiary that are recognized in other comprehensive income are accounted for on the same basis as if related assets or liabilities were disposed of by the Company.

Unrealized gains and losses on downstream transactions between the Company and subsidiaries were written off during the preparation of the parent company only financial statements. The gain or loss generated from upstream transactions between the Company and a subsidiary is recognized in the parent company only financial statements only when such gain or loss is irrelevant to the Company's equity in the subsidiary.

(VII) Investment in associates

An associate refers to a company over which the Company has a significant influence and which is not a subsidiary or joint venture.

The Company accounts for its equity in an associate using the equity method.

Under the equity method, the investment in associates is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on the profits distributed and the Company's shares of profit/loss and other comprehensive income in the associates and joint ventures. In addition, changes to the Group's equity in the associates are recognized based on our shareholding ratio.

When the Company does not subscribe to new shares issued by associates based on its shareholding ratio, resulting in changes in the shareholding ratio and consequently to the net equity value of investment, the Company accounts for such changes by adjusting capital reserves - changes in the net equity of associates recognized under the equity method and investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates, the amounts related to the associate in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Company's share of loss in associates equals or exceeds its share of equity in the associates, the Company does not recognize further losses. The Company recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Company made payment on behalf of the associates.

For impairment evaluation, the Company tests the entire investment (including goodwill) book value for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

On the date when the Company's investment ceases to be considered as an associate, the Company ceases to account for it using equity method and measures the Company's retained interest in it at fair value; the differences between the fair value and disposal consideration, and the investment's carrying amount on the date when it ceases to be accounted for using the equity method are recognized in profit or loss. The amounts in relation to the associate that are recognized in the Group's other comprehensive income are accounted for on the same basis as if related assets or liabilities were disposed of by the associate.

(VIII) Property, plant and equipment

Property, plant, and equipment are initially recognized at cost and subsequently at cost net of accumulated depreciation.

Property, plant, and equipment under construction are measured at cost. Costs comprise professional service fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of costs and net realizable value before reaching the condition of intended use; disposal proceeds and costs thereof are recognized in profit or loss. Upon completion and reaching the intended use status, such assets are classified to proper categories of property, plant, and equipment and depreciated.

Except own land, which is not depreciated, each significant part of the property, plants, and equipment is separately depreciated on the straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and method of depreciation at least once before the end of each year and prospectively recognizes the effect from changes in accounting estimates.

When property, plant, and equipment is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(IX) Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Property, plant, and equipment are initially recognized at cost (including transaction cost) and subsequently at cost net of accumulated depreciation and accumulated impairment. Investment property is depreciated on a straight line basis.

When investment property is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(X) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently at cost less accumulated amortization. Intangible assets are amortized on the straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and method of amortization at least once before the end of each year and prospectively recognizes the effects of changes in accounting estimates.

(XI) Impairments of property, plant, and equipment, right-of-use assets, investment property, and intangible assets

The Company assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, investment property, or intangible assets might be impaired on each balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are allocated on a reasonable and consistent basis to individual cash-generating units.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value shall not exceed the book value that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities are initially recognized in the balance sheet when the Company becomes a party to the individual instrument contract.

Financial assets or financial liabilities other than those measured at fair value through profit or loss are initially recognized at the fair value plus the transaction costs that can be directly attributed to acquisition or issuance of such financial assets or liabilities. Any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The arms-length transactions of financial assets are recognized and derecognized using the transaction date accounting method.

(1) Type of measurement

The Company's financial assets include financial assets measured at fair value through profit or loss, investment in equity instrument measured at fair value through other comprehensive income, and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily designated to be measured at fair value through profit or loss, including financial assets not eligible to be classified as financial assets measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value; any gain or loss on their remeasurement is recognized in other gains and losses. For the method for determining fair value, refer to Note 26.

B. Investment in equity instruments at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments that are held not for trading, that are not recognized by the acquirer in a business merger, and that have no consideration, at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gains and losses are transferred to retained earnings and not reclassified to profit or loss.

The dividends derived investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive dividends is determined, except under the circumstance that such dividends apparently represent a partial return of the investment cost.

C. Financial assets at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

a. The financial assets are held within a business model whose objective is collecting contractual cash flows; and
b. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, net accounts and notes receivable [including those due from related parties] measured at amortized cost, other receivables [including those due from related parties], guarantee deposit paid, and other financial assets) are measured at the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any gain or loss from foreign currency translation is recognized in profit or loss.

Interest income is calculated as the effective interest rate times the total book value of financial assets.

Financial assets are deemed to be credit-impaired upon the occurrence of significant financial difficulties confronting the issuer or debtor; default; the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization; or the disappearance of an active market for the financial assets as a result of financial difficulties.

Cash equivalents include time deposits and repo bonds that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, and that mature within three months after the acquisition date; cash equivalents are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Company assesses impairment losses on the financial assets measured at amortized cost (including receivables) and contract assets based on expected credit losses on each balance sheet date.

Loss allowance for receivables is recognized based on the lifetime expected credit losses. The Group first assess whether the credit risk on other financial assets significantly has increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized at the 12-month expected credit losses; when the increase is significant, the loss allowance is recognized at the lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted on when internal or external information indicates that it's impossible for the debtor to settle the debt, without consideration of the collateral held:

The impairment loss on all financial assets is deducted from the book value of the financial assets through their allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only 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 to other entities.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuance.

3. Financial liabilities

(1) Subsequent measurement

All of the Company's financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

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

(XIII) Provisions

The amount of provisions recognized is the best estimate of expenditures requisite for settling obligations on the balance sheet date, taking into account the risks and uncertainties associated with the obligations. Provisions are measured at the discounted value of the estimated cash flows requisite for settling obligations.

(XIV) Revenue recognition

After identifying the performance obligations under a contract with customers, the Company allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled.

1. Revenue from sale of goods

   Sales revenue is recognized when the Company fulfills its performance obligations by transferring the promised goods to customers.

   Sales revenue is measured at the fair value of the consideration received or paid, less any estimated customer returns, discounts, and other similar allowances.

   The significant financial components of the transaction price of the Company's contracts of which the interval between the time of transfer of the promised goods and the time of payment made by the customer is expected to be less than 12 months are not adjusted. Before the Company fulfills its performance obligations, the prepayments for products to be sold are recognized as contract liabilities.

2. Construction revenue

The Company recognizes revenue for the contract of coating projects over the passage of time as the construction progresses. Since the cost invested in construction is directly related to the completion of performance obligation, the Company estimates the percentage of completion at the ratio of the actually invested cost to the estimated total cost. The Company recognizes contract assets as the construction progresses, and transfers them to accounts receivable upon issuance of an invoice. If the construction proceeds received exceed the recognized amount, the difference is recognized as a contract liability. A portion of the project price retained by customers as per contractual terms is meant to ensure that the Company completes all of its performance obligations, and is recognized as a contract asset before the Company does so.

(XV) Lease

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

For a contract comprising lease and non-lease components, the Company accounts for such components separately by allocating the contract consideration to each of them.

1. The Company is a lessor.

Leases whose contractual terms stipulate transfer of almost or all of the risks and rewards incidental to the ownership of the underlying assets to the lessee are classified as a finance lease. Otherwise they are classified as an operating lease.

Under an operating lease, lease payments less any lease incentives are recognized as revenue on a straight line basis over the lease term. The original direct costs associated with acquisition of an operating lease are added to the book value of the underlying assets and then recognized as expense over the lease term.

Variable rentals of a lease agreement that do not depend on an index or a rate are recognized as revenue in the period in which they occur.

2. The Company is a lessee

When the Company is a lessee, the lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized in expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initial recognized amount of lease liabilities), and subsequently measured at the cost net of accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of lease liabilities. Right-of-use assets are separately presented in the balance sheet.

Right-of-use assets are 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 assets or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payment. If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When future lease payments change as a result of a change in the lease term, or in the index or rate on which lease payments depend, the Company re-measures the lease liabilities and adjusts the right-of-use assets accordingly.

However, the residual remeasurements are recognized in profit or loss when the book value of right-of-use assets is reduced to zero. Lease liabilities are separately presented in the balance sheet.

Variable rentals of a lease agreement that do not depend on an index or a rate are recognized as expense in the period in which they occur.

(XVI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at non-discounted amount expected to be paid in exchange for the services to be provided by the employees.

2. Post-employment benefit

   The pension contributed under the Defined Contribution Pension Plan is recognized in expenses during the period when employees provide services.

   Defined benefit costs (including service cost, net interest, and remeasurements) under the Defined Benefit Pension Plan are calculated actuarially using the projected unit credit method. Service costs and net interest on net defined benefit liabilities are recognized as employee benefit expenses when they are incurred. Remeasurements are recognized in other comprehensive income and presented in retained earnings when they occurred, and are not reclassified to profit or loss in subsequent periods.

   Net defined benefit liabilities are the shortfall of contributions to the Defined Benefit Pension Plan. Net defined benefits shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVII) Income tax

Tax expenses are the total of current income tax and deferred income tax.

1. Current income tax

The Company uses the laws and regulations promulgated by each tax jurisdiction to calculate taxable income, thus income tax payable for the current period.

The additional income tax on undistributed earnings that is calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when taxable income sufficiently enough to offset the deductible temporary differences is highly likely in the future.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have adequate taxable income necessary for the recovery of all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized in deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income necessary for the recovery of all or part of the assets in the future, the book value thereof is increased.

Deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax consequences on the balance sheet date arising from the method that the Company expects to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss; in other comprehensive income if they are initially designated to be recognized in other comprehensive income; or in equity if they are initially designated to be recognized directly in equity.

V. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

For adoption of the accounting policies, the management, based on historical experience and other relevant factors, must make judgments, estimates, and assumptions related to the information that cannot be readily acquired from other sources. The actual results may differ from those estimates. The management will continue to review estimates and fundamental assumptions.

Assumptions, and Major Sources of Estimation Uncertainty

Deferred income tax

Since the taxable temporary difference related to the investment in overseas subsidiaries is unlikely to be realized in the foreseeable future, no deferred income tax liability is recognized. Income tax expenses will be recognized in the year overseas subsidiaries wire back their earnings. On December 31, 2023 and 2022, the tax effects arising from the Company's not recognizing deferred income tax liabilities for the gains on investment in overseas subsidiaries were NT$346,332 thousand and NT$331,159 thousand, respectively.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 1,080	$ 1,208
Bank check and demand	754,420	533,801

deposit		
Cash equivalents (investment whose initial maturity date will be due within 3 months)		
Time deposits in banks	61,310	-
Bonds with repurchase agreement	142,581	91,980
	$ 959,391	$ 626,989

VII. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	$355,994	$ -

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Current		
TWSE-listed stocks	$439,681	$384,288
Non-current		
Domestic stock traded on the emerging stock market	$ -	$ 30,769
Domestic shares not traded on an exchange or OTC	29,567	29,456
Foreign shares not traded on an exchange or OTC	-	$ 15,105
	$ 29,567	$ 75,330

Since the Company holds the said equity instrument investment not for trading or gaining profits in the short term, the Company elects to designate them to be measured at fair value through other comprehensive income.

IX. Notes receivable (including those due from related parties); accounts receivable (including those due from related parties); and other receivables (including those due from related parties).

(I) Notes receivable and accounts receivable (including overdue receivables)

	December 31, 2023	December 31, 2022
Notes receivable (including those due from related parties)		
Measured at amortized cost		
Arising from operating activities	$ 307,294	$ 396,718
Less: loss allowance	6,146	7,934
	$ 301,148	$ 388,784
Accounts receivable (including those due from related parties)		
Measured at amortized cost		
Total book value	$1,586,977	$1,765,006
Less: loss allowance	41,759	37,674
	$1,545,218	$1,727,332
Overdue receivables		
Total book value	$ 1,918	$ 3,540
Less: loss allowance	1,918	3,540
	$ -	$ -

The credit period provided by the Company to customers averages about 90 days to 100 days; receivables do not accrue interest. To mitigate credit risk, the Company has a dedicated team be responsible for determining the credit limits, approving credit lending, and executing other monitoring procedures, so as to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of receivables on the balance sheet date so as to ensure that appropriate impairment loss has been recognized for uncollectible receivables.

The Company recognizes the allowance for receivables based on the lifetime ECL, which is calculated using the provision matrix, taking into account a customer's historical default record and current financial standing and the industrial and economic conditions. According to the Company's historical credit loss record, the loss patterns do not differ among different customer bases, so the provision matrix does not look into individual customer bases but instead estimates the ECL rate based on the number of days past due of receivables.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Company cannot estimate a reasonable recoverable amount, the Company transfers the receivables to overdue receivables while providing sufficient loss allowance. When it is sure that the receivables cannot be recovered, the Company directly writes off related receivables, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The loss allowance the Company recognized for receivables based on the provision matrix is as follows:

December 31, 2023

	Not past due	1～90 days past due	91～270 days past due	271～630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	$ 1,803,445	$ 67,990	$ 8,928	$ 3,790	$ 9,159	$ 2,877	$ 1,896,189
Loss allowance	(34,443)	(1,314)	(893)	(1,137)	(9,159)	(2,877)	(49,823)
Amortized cost	$ 1,769,002	$ 66,676	$ 8,035	$ 2,653	$ -	$ -	$ 1,846,366

December 31, 2022

	Not past due	1～90 days past due	91～270 days past due	271～630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	$ 2,076,158	$ 72,115	$ 3,767	$ 4,041	$ 7,449	$ 1,734	$ 2,165,264
Loss allowance	(36,986)	(1,390)	(377)	(1,212)	(7,449)	(1,734)	(49,148)
Amortized cost	$ 2,039,172	$ 70,725	$ 3,390	$ 2,829	$ -	$ -	$ 2,116,116

Movements in the loss allowance for receivables are as follows:

	2023	2022
Balance - beginning of period	$ 49,148	$ 56,278
Provision (reversal) in the current year	4,030	(7,130)
Written off in the current year	(3,355)	-
Balance - end of year	$ 49,823	$ 49,148

(II) Other receivables

The Company recognizes the loss allowance for other receivables based on the lifetime ECL. As at December 31, 2023 and 2022, there were no overdue other receivables; accordingly, there was no balance of loss allowance based on our assessment.

X Inventories

	December 31, 2023	December 31, 2022
Finished-goods	$ 557,611	$ 549,661
Products	11,874	17,641
Raw materials	942,138	1,061,085
Materials	13,229	$ 11,197
Inventory in transit	12,033	12,258
	$1,536,885	$1,651,842

In 2023 and 2022, the cost of goods sold related to inventories was NT$5,103,518 thousand and NT$5,499,851 thousand.

XI. Other financial assets

	December 31, 2023	December 31, 2022
Current		
Project deposit	$ 16,245	$ -
Non-current		
Time deposits pledged	$ 400	$ 1,768
Project deposit	3,160	-
	$ 3,560	$ 1,768

For other financial assets, see Note 28.

XII. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investment in subsidiary	$4,002,828	$4,151,240
Investment in associates	26,124	26,843
	$4,028,952	$4,178,083

(I) Investment in subsidiary

	December 31, 2023		December 31, 2022	
Investee	Amount	Shareholding	Amount	Shareholding

		percent age (%)		percent age (%)
Bmass Investment Co., Ltd（Bmass）	$ 2,609,545	94	2,782,350	94
Cmass Investment Co., Ltd（Cmass）	792,529	100	780,876	100
Emass Investment International Co., Ltd（Emass）	600,754	100	588,014	100
	$ 4,002,828		$ 4,151,240	

To improve existing production capacity and expand sales to overseas markets, the Company set up Bmass and invested in YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD and YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD through it; set up Cmass and invested in YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD and YUNG CHI PAINT & VARNISH MFG. (Malaysia) CO., LTD through it; and set up Emass and invested in Yung Chi America Corp. through it, and then invested in Continental Coatings, Inc. through Yung Chi America Corp. For details, see Appendix Table 7 and Appendix Table 8.

(II) Investment in associates

	December 31, 2023		December 31, 2022	
Investee	Amount	Shareholding percentage (%)	Amount	Shareholding percentage (%)
PPG Yung Chi Coatings Co., Ltd.	$26,124	35	$26,843	35

Below is the information on the said associates which are individually insignificant:

	2023	2022
The Company's share		
Net profit in the current year	$ 5	$ 1,464
Other comprehensive income	-	-

Total comprehensive income	$ 5	$ 1,464

XIII Property, plant and equipment

2023

Cost	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Balance as of January 1, 2023	$ 968,675	$ 548,808	$ 625,496	$ 56,998	$ 148,461	$ 53,506	$ 2,401,944
Increase	-	4,346	51,200	1,817	6,807	8,501	72,671
Disposal		-	(14,072)	-	(621)	-	(14,693)
Balance as of December 31, 2023	$ 968,675	$ 553,154	$ 662,624	$ 58,815	$ 154,647	$ 62,007	$ 2,459,922
Accumulated depreciation							
Balance as of January 1, 2023	$ -	$ 235,468	$ 468,904	$ 45,114	$ 128,670	$ -	$ 878,156
Depreciation	-	16,881	44,383	3,801	7,193	-	72,258
Disposal	-	-	(13,226)	-	(621)	-	(13,847)
Balance as of December 31, 2023	$ -	$ 252,349	$ 500,061	$ 48,915	$ 135,242	$ -	$ 936,567
Net amount on December 31, 2023	$ 968,675	$ 300,805	$ 162,563	$ 9,900	$ 19,405	$ 62,007	$ 1,523,355

2022

Cost	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Balance as of January 1, 2022	$ 979,148	$ 548,614	$ 576,016	$ 51,664	$ 146,415	$ 29,349	$ 2,331,206
Increase	-	194	53,381	5,334	2,046	24,157	85,112
Disposal	(10,473)	-	(3,901)	-	-	-	(14,374)
Balance as of December 31, 2022	$ 968,675	$ 548,808	$ 625,496	$ 56,998	$ 148,461	$ 53,506	$ 2,401,944

Accumulated depreciation	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Balance as of January 1, 2022	$ -	$ 218,167	$ 431,200	$ 40,738	$ 115,859	$ -	$ 805,964
Depreciation	-	17,301	41,528	4,376	12,811	-	76,016
Disposal	-	-	(3,824)	-	-	-	(3,824)
Balance as of December 31, 2022	$ -	$ 235,468	$ 468,904	$ 45,114	$ 128,670	$ -	$ 878,156
Net amount on December 31, 2022	$ 968,675	$ 313,340	$ 156,592	$ 11,884	$ 19,791	$ 53,506	$ 1,523,788

The Company's property, plant, and equipment were depreciated on a straight line basis over the following useful lives:

Buildings and structures	5~55 years
Machinery and equipment	2~25 years
Transportation equipment	5~40 years
Other facilities	3~40 years

For the amount of property, plant, and equipment pledged as borrowing collateral by the Company, see Note 28.

XIV. Lease agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		
Buildings	$ 21,629	$ 7,131
Transportation equipment	1,187	1,937
	$ 22,816	$ 9,068

	2023	2022
Increase in right-of-use assets	$ 22,025	$ 1,373
Depreciation expenses - Right-of-use assets		
Buildings	$ 7,131	$ 7,132
Transportation equipment	1,146	1,126
	$ 8,277	$ 8,258

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ 8,020	$ 8,346
Non-current	$ 14,823	$ 935

The discount rates (%) for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Buildings	1.775	2.625
Transportation equipment	2.625	2.625

(III) Material lease activities and terms

The Company leased buildings from others and used them as operating premises and shipping hubs, with a lease term of 3 years. The Company did not have an option to buy the buildings underlying the lease at the termination of the lease period.

The Company leased transportation equipment for use in business travel; the lease period was 3 years. There was no contractual term which grants the Company the right to renew the lease or buy the underlying assets at the expiration of the lease term.

(IV) Other lease information

For the agreement under which the Company leases out investment property recognized as an operating lease, see Note 15.

	2023	2022
Short-term lease expense	$ 1,359	$ 4,962
Low-value asset lease expense	$ 357	$ 357
Total cash outflow from leases	$ 10,283	$ 13,855

For employee dormitory lease qualified as a short-term lease and the lease of office accessories like photocopiers that qualifies as a lease whose underlying assets are of low value, the Company applies the recognition exemption to them, and does not recognize any right-of-use assets or lease liability for them.

XV Investment property

2023

Cost	Land	Buildings and structures	Total
Balance as of January 1, 2023 and December 31, 2023	$299,901	$ 84,640	$384,541
Accumulated depreciation and impairment			
Balance as of January 1, 2023	$137,822	$ 41,335	$179,157
Depreciation	-	1,685	1,685
Balance as of December 31, 2023	$137,822	$ 43,020	$180,842
Net amount on December 31, 2023	$162,079	$ 41,620	$203,699

2022

Cost	Land	Buildings and structures	Total
Balance as of January 1, 2022 and December 31, 2022	$299,901	$ 84,640	$384,541
Accumulated depreciation and impairment			
Balance as of January 1, 2022	$137,822	$ 39,647	$177,469
Depreciation	-	1,688	1,688
Balance as of December 31, 2022	$137,822	$ 41,335	$179,157
Net amount on December 31, 2022	$162,079	$ 43,305	$205,384

The lease term of an investment property lease is between 1 and 5 years; the lessee does not have the option to purchase the investment property at the termination of the lease term.

Total future lease payments to be generated from investment property recognized as an operating lease is as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 3,203	$ 3,903
Year 2	716	205
Year 3	202	111
	$ 4,121	$ 4,219

Buildings and structures recognized as investment property are depreciated on a straight line basis over their useful lives (15 to 50 years).

Their fair value stood at NT$637,281 thousand on both December 31, 2023 and December 31, 2022. The fair value of investment property is assessed by referencing independent property appraisers' appraisal arrived at by using Level 3 fair value inputs, and by referencing the value derived using direct capitalization method and the comparables method that looks into the transaction price of similar properties on the market. The significant unobservable input used, the capitalization rate of profits, was 1.50% in both years.

XVI. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured loans		
Loan against L/C - settled before interest accrual	$ 1,378	$ -

XVII. Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	$142,638	$141,732
Financing facilities payable (Note 27)	-	100,000
Advertising expenditure payable	29,671	22,782
Employee and director payable	22,637	22,495
Business tax payable	21,717	28,204
Construction and equipment payable	4,306	2,160
Others	104,142	95,339
	$325,111	$412,712

XVIII. Provisions

Non-current	December 31, 2023	December 31, 2022
Construction warranty	$ 6,383	$15,022

The provisions for construction warranty are the present value of the management's best estimate of outflow of future economic benefits arising from the warranty obligations; such estimates are based on historical warranty experience.

XVIII. Post-employment benefit plan

(I) Defined contribution plan

The pension system that is specified in the "Labor Pension Act" and adopted by the Company is the defined contribution pension plan managed by the government. A pension equal to 6% of employee's monthly wage shall be contributed to the personal labor pension account with the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system under our country's Labor Standards Act applicable to the Company is a defined benefit plan. Payment of employee pension is calculated based on an employee's service years and the average of their salaries over the 6 months before their approved retirement date. The Company appropriates a certain percentage of the total monthly wage of an employee as the pension and remits the amount to the Retirement Reserves Supervisory Committee, which will deposit the amount in a dedicated account under its name with the Bank of Taiwan. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, the Company will make up the difference in one appropriation before the end of March in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor, so the Company does not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the parent company only balance sheet are listed as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$333,729	$325,327
Fair value of plan assets	(319,500)	(316,065)
Net defined benefit liabilities	$ 14,229	$ 9,262

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2023	$325,327	($316,065)	$ 9,262
Financial cost			
Current service cost	1,210	-	1,210
Interest expenses (income)	3,693	(3,685)	8
Recognized in profit or loss	4,903	(3,685)	1,218
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(3,107)	(3,107)
Actuarial gain - change in financial assumption	(18,373)	-	(18,373)
Actuarial loss - experience adjustment	32,840	-	32,840
Recognized in other comprehensive income	14,467	(3,107)	11,360
Contribution by employer	-	(7,611)	(7,611)
Payment of benefits	(10,968)	10,968	-
	(10,968)	3,357	(7,611)
December 31, 2023	$333,729	($319,500)	$ 14,229

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2022	$330,740	($301,847)	$ 28,893
Financial cost			
Current service cost	1,626	-	1,626
Interest expenses (income)	2,039	(1,908)	131
Recognized in profit or loss	3,665	(1,908)	1,757
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(23,905)	(23,905)
Actuarial loss - change in financial assumption	8,845	-	8,845
Actuarial loss - experience adjustment	11,255	-	11,255
Recognized in other comprehensive income	20,100	(23,905)	(3,805)
Contribution by employer	-	(17,583)	(17,583)
Payment of benefits	(29,178)	29,178	-
	(29,178)	11,595	(17,583)
December 31, 2022	$325,327	($316,065)	$ 9,262

The amount of defined benefit plan recognized in P/L is summarized by category as follows:

	2023	2022
Operating cost	$ 506	$ 708
Operating expenses	712	1,049
	$ 1,218	$ 1,757

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk

   The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company's plan assets shall be no less than the profit that would have been yielded had the interest rate for 2-year time deposits with local banks were applied in calculation.

2. Interest rate risk

   A decrease in the interest rates of government bonds leads to an increase in the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The effect of both on the net defined benefit liabilities may be partially offset against each other.

3. Salary risk

   Since the present value of defined benefit obligation is calculated based on future salary of plan participants, the present value of the defined benefit obligation would be increased by an increase in the plan participants' salary.

The Company's present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	1.15	1.20
Rate of expected salary increase (%)	2.00	3.00

If there was any reasonably possible change to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 4,633)	($ 5,115)
Decrease by 0.25%	$ 4,753	$ 5,257
Rate of expected salary increase		
Increase by 0.25%	$ 4,701	$ 5,151
Decrease by 0.25%	($ 4,606)	($ 5,039)

Since the actuarial assumptions might be correlated to each other and it is unlikely that a single assumption changes alone, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
Expected contribution within 1 year	$18,774	$17,229
Average maturity of defined benefit obligations	5 years	6 years

XX. Equity

(I) Capital stock

	December 31, 2023	December 31, 2022
Authorized shares (in thousand shares)	180,000	180,000
Authorized capital	$1,800,000	$1,800,000
Number of issued shares fully paid (in thousand shares)	162,000	162,000
Issued capital	$1,620,000	$1,620,000

A share of issued common stock had a par value of NTD10 and was entitled to one voting right and dividends.

(II) Capital surplus

	December 31, 2023	December 31, 2022
Available for makeup of loss, distribution of cash dividends, or transfer into capital (Note)		
Additional paid-in capital	$106,385	$106,385
Only available for makeup of loss		
Asset disposal gain	2,612	2,612
Others	433	383
	$109,430	$109,380

Note: These capital reserves may be used to make up losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(III) Retained earnings and dividend policy

According to the dividend policy prescribed in the Company's Articles of Incorporation, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserves. The remainder may be set aside as special reserves, or the previous recognized special reserves may be reversed, in accordance with laws and regulations. If there is remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus, and shall submit the distribution proposal to the Shareholders Meeting for approval.

Considering capital expenditure needs and a sound financial planning requisite for sustainable development, the Company shall distribute no less than 50% of the annual earnings as shareholder dividends in principle. The Company may distribute dividends in cash or in shares. Considering the Company's growth rate and capital expenditure status, the Company shall distribute earnings more in cash than in shares; the cash dividends distributed shall not be less than 60% of total dividends distributed in the given year.

Legal reserves may be used to make up for losses. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by no greater than 25% may be appropriated as capital or distributed in cash.

The earnings distribution proposal for 2022 and 2021 that was approved at the General Shareholders Meeting in June 2023 and 2022 respectively, and the dividends per share are as follows:

	Earnings Distribution Proposal		Dividend per share	
	2022	2021	2022	2021
Legal reserve	$ 81,982	$ 91,492		
Cash dividends	567,000	567,000	$ 3.5	$ 3.5

The earnings distribution proposal for 2023 drafted at the Board of Directors meeting in March 2024 is as follows:

	Earnings Distribution Proposal	Dividend per share
Legal reserve	$ 83,017	
Cash dividends	567,000	$ 3.5

The Earnings Distribution Proposal for 2023 is pending a resolution from the General Shareholders Meeting to be held in May 2024.

(IV) Special reserve

	2023	2022
Balance - beginning of period	$490,499	$492,801
Reversal of special reserves - Disposal of property, plant, and equipment	-	(2,302)

Balance - end of year	$490,499	$490,499

(V) Other equity

1. Exchange differences arising in the translation of foreign operations

	2023	2022
Balance - beginning of period	($276,525)	($417,790)
Exchange difference arising from translation of the net assets of foreign operations	(64,093)	141,265
Balance - end of year	($340,618)	($276,525)

2. Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income

	2023	2022
Balance - beginning of period	$ 81,983	$118,060
Recognized for the year		
Accumulated gains and losses from disposal of equity instruments are transferred to retained earnings	(8,017)	-
Equity instrument - unrealized gains or losses	(23,721)	(36,041)
Share of investment accounted for using equity method	(11)	(36)
Balance - end of year	$ 97,676	$ 81,983

XXI. Operating Revenue

(I) Customer contract revenue breakdown

2023

	Paint Business Department	Coating Engineering Department	Total
Type of product or service			
Product sales revenue	$ 6,817,448	$ -	$ 6,817,448
Construction revenue	-	364,608	364,608
	$ 6,817,448	$ 364,608	$ 7,182,056
Primary regional markets			
Taiwan	$ 6,309,098	$ 364,608	$ 6,673,706
Others	508,350	-	508,350
	$ 6,817,448	$ 364,608	$ 7,182,056
Revenue recognition time point			
At a point in time	$ 6,817,448	$ -	$ 6,817,448
Fulfilled as time elapses	-	364,608	364,608
	$ 6,817,448	$ 364,608	$ 7,182,056

2022

	Paint Business Department	Coating Engineering Department	Total
Type of product or service			
Product sales revenue	$ 7,065,652	$ -	$ 7,065,652
Construction revenue	-	619,640	619,640
	$ 7,065,652	$ 619,640	$ 7,685,292
Primary regional markets			
Taiwan	$ 6,348,237	$ 619,640	$ 6,967,877
Others	717,415	-	717,415
	$ 7,065,652	$ 619,640	$ 7,685,292
Revenue recognition time point			
At a point in time	$ 7,065,652	$ -	$ 7,065,652
Fulfilled as time elapses	-	619,640	619,640
	$ 7,065,652	$ 619,640	$ 7,685,292

(II) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and accounts receivable	$ 1,846,366	$ 2,116,116	$ 1,762,559
Contract assets			
Coating Engineering	$ 100,094	$ 95,555	$ 115,979
Contract liabilities			
Coating Engineering	$ 57,675	$ 54,043	$ 21,380
Product sales	71	217	653
	$ 57,746	$ 54,260	$ 22,033

Changes in contract assets and contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

(III) Customer contracts outstanding

As of December 31, 2023 and 2022, transaction price allocated to unfulfilled performance obligation was NT$960,303 thousand and NT$466,970 thousand, respectively. The Company will recognize it as construction revenue when construction items are completed; such revenue is expected to be recognized in 1 to 4 years.

XXII. Net profits before tax

(I) Income from interest

	2023	2022
Bank deposit	$ 5,172	$ 1,601
Others	8,592	636
	$ 13,764	$ 2,237

(II) Other income

	2023	2022
Lease income	$ 5,806	$ 5,433
Dividend income	12,435	19,650
Others	15,725	9,478
	$ 33,966	$ 34,561

(III) Other gains and losses

	2023	2022
Net foreign exchange gain	$ 8,647	$ 67,163
Gain (Loss) on disposal of property, plant and equipment	(163)	39,464
Gain on financial assets at fair value through profit or loss	4,855	145
Others	(5,076)	(4,477)
	$ 8,263	$102,295

(IV) Financial cost

	2023	2022
Financial cost		
Interest on financing facilities	$ 68	$ 1,488
Interest on lease liabilities	104	292
	$ 172	$ 1,780

(V) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 72,258	$ 76,016
Right-of-use assets	8,277	8,258
Investment property	1,685	1,688
Intangible assets	2,236	1,242
	$ 84,456	$ 87,204
Summary of depreciation by function		
Operating cost	$ 37,519	$ 32,173
Operating expenses	43,016	52,101
Others	1,685	1,688
	$ 82,220	$ 85,962

	2023	2022
Summary of amortization by function		
Operating cost	$ -	$ 5
Operating expenses	2,236	1,237
	$ 2,236	$ 1,242

(VI) Employee benefit expenses

	2023	2022
Short-term employee benefits		
Salary	$582,894	$574,344
Labor insurance and health insurance	51,778	49,126
Others	24,983	23,606
	659,655	647,076
Post-employment benefit		
Defined contribution plan	18,754	18,443
Defined benefit plan	1,218	1,757
	19,972	20,200
	$679,627	$667,276
Summary by function		
Operating cost	$233,005	$234,314
Operating expenses	446,622	432,962
	$679,627	$667,276

(VII) Employee/director compensation

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee and directors compensation and allocate 1% ~ 5% of such profits as employee compensation and no greater than 0.5% as directors compensation. The Board of Directors meetings in March 2024 and 2023 resolved on the employee compensation and directors compensation estimated for 2023 and 2022, respectively - shown as follows:

	2023	2022
Employee compensation	$ 19,529	$ 19,392
Directors compensation	3,108	3,103

Any amount that changes after the approval and publication date of the annual individual financial statements is accounted for as changes in accounting estimates, and will be adjusted and recognized in the following year.

The actually distributed amount of employee compensation and directors compensation for 2022 and 2021 is the same as the amount recognized in the parent company only financial statements for 2022 and 2021.

The information about compensation to employees and directors determined by the Board of Directors may be viewed at TWSE's Market Observation Post System (MOPS).

XXIII. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax:

	2023	2022
Current income tax		
Tax incurred in the year	$182,486	$166,537
Additional levy on undistributed earnings	6,042	10,821
Adjustments for the previous year	(2,669)	(4,881)
Deferred income tax		
Tax incurred in the year	(41,716)	(17,949)
Adjustments for the previous year	(40)	39,219
	$144,103	$193,747

Reconciliation of accounting income and income tax is as follows:

	2023	2022
Net profits before tax	$ 975,341	$1,008,221
Income tax expense derived from applying the pre-tax profit to the statutory tax rate	$ 195,068	$ 201,644
Expense and loss not deductible from tax	7,251	6,151
Tax exempt income	(25,123)	(46,588)
Income tax paid in other jurisdictions	(22,226)	-
Land value increment tax	-	1,581
Additional levy on undistributed earnings	6,042	10,821
Investment tax credits generated in the current year	(14,200)	(14,200)
Income tax adjustments for the previous year	(2,709)	34,338
	$ 144,103	$ 193,747

(II) Income tax expense (gain) recognized in OCI

	2023	2022
Generated in current year - defined benefit plan remeasurements	($2,272)	$ 761

(III) Current income tax liabilities

	December 31, 2023	December 31, 2022
Current income tax liabilities		
Income tax payable	$129,835	$110,492

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

Deferred income tax assets	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Temporary differences				
Defined benefit pension plan	$ 1,852	($ 1,278)	$ 2,272	$ 2,846
Unrealized loss on inventory devaluation	18,083	(1,725)	-	16,358
Unrealized impairment loss	11,870	-	-	11,870
Deferred tax credit for construction structure cost	5,597	(209)	-	5,388
Unrealized allowance	5,459	713	-	6,172
Unrealized damages	508	-	-	508
Others	7,679	(745)	-	6,934
	$ 51,048	($ 3,244)	$ 2,272	$ 50,076

Deferred income tax liabilities	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Temporary differences				
Land value increment tax	$ 82,778	$ -	$ -	$ 82,778
Overseas investment gain	45,000	(45,000)	-	-
	$127,778	($ 45,000)	$ -	$ 82,778

2022

Deferred income tax assets	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Temporary differences				
Defined benefit pension plan	$ 5,779	($ 3,166)	($ 761)	$ 1,852
Unrealized loss on inventory devaluation	22,040	(3,957)	-	18,083
Unrealized impairment loss	11,870	-	-	11,870
Deferred tax credit for construction structure cost	5,806	(209)	-	5,597
Unrealized allowance	7,618	(2,159)	-	5,459
Unrealized damages	508	-	-	508
Others	7,983	(304)	-	7,679
	$ 61,604	($ 9,795)	($ 761)	$ 51,048

Deferred income tax liabilities	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Temporary differences				
Land value increment tax	$ 83,601	($ 823)	$ -	$ 82,778
Overseas investment gain	32,702	12,298	-	45,000
	$116,303	$ 11,475	$ -	$127,778

(V) Total amount of temporary difference which is related to investment and for which no deferred income tax liability is recognized

As of December 31, 2023 and 2022, taxable temporary difference which is related to investment in subsidiaries or associates and for which no deferred tax liability is recognized was NT$1,731,662 thousand and NT$1,655,793 thousand, respectively.

(VI) Authorization of income tax

The Company's profit-seeking enterprise income tax filings have been approved by the tax authority through 2019.

XXIV. Earnings per share

The earnings and the weighted average number of common shares used for calculating earnings per share are as follows:

Net profit in the current year

	2023	2022
Net profit in the current year	$831,238	$814,474

Shares

Unit: 1,000 shares

	2023	2022
Weighted average number of common shares used for calculating basic earnings per share	162,000	162,000
Plus: Potential common shares that are dilutive - employee compensation	313	328
Weighted average number of shares used for calculating diluted earnings per share	162,313	162,328

Where the Company may elect to distribute employee remuneration in shares or in cash, when calculating the diluted EPS, the Company assumes that all employee remuneration is distributed in shares and counts the potentially dilutive common shares - when deemed dilutive - in the weighted average number of shares outstanding. The Group continues to consider the dilutive effect of such potentially delusive common shares when calculating the dilutive EPS before the number of share dividends is to be resolved on in the following year.

XXV. Capital risk management

Capital management by the Company is to optimize debt and equity balance to effectively use capital and ensure smooth operations of the Company.

The overall strategy of the Company doesn't change. Since the Company's capital structure is composed of net liability and equity, it does not have to comply with other external capital requirement.

XXVI. Financial instruments

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

The carrying amount of the Company's financial instruments not measured at fair value, e.g., cash and cash equivalents, receivables, and payables, is a reasonable approximation of fair value.

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

1. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at fair value through profit or loss				
Fund benefit certificate	$355,994	$ -	$ -	$ 355,994
Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	$439,681	$ -	$ -	$439,681
Domestic shares not traded on an exchange or OTC	-	-	29,567	29,567
	$439,681	$ -	$ 29,567	$469,248
December 31, 2022				
Financial assets at fair value through other comprehensive income				

TWSE-listed stocks	$384,288	$ -	$ -	$384,288
Domestic stock traded on the emerging stock market	30,769	-	-	30,769
Domestic shares not traded on an exchange or OTC	-	-	29,456	29,456
Foreign shares not traded on an exchange or OTC	-	-	15,105	15,105
	$415,057	$ -	$ 44,561	$459,618

There was no transfer between Level 1 and Level 2 fair value measurement in 2023 and 2022.

2. Reconciliation of the financial assets measured at Level 3 fair value

	Financial assets at fair value through other comprehensive income	
	2023	2022
Balance - beginning of period	$ 44,561	$ 78,824
Transfer from Level 3	-	(30,769)
Capital reduction and return	(16,199)	-
Recognized in other comprehensive income	1,205	(3,494)
Balance - end of year	$ 29,567	$ 44,561

3. Level 3 fair value valuation techniques and inputs

Shares not traded on an exchange or OTC were estimated based on the company's net worth.

(III) Type of financial instruments

Financial assets	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	$ 355,994	$ -
Financial assets at fair value through other comprehensive income - Equity instrument investment	469,248	459,618
Financial assets at amortized cost (Note 1)	2,893,671	2,811,253
Financial liabilities		
Measured at amortized cost (Note 2)	1,170,176	1,175,755

Note 1: The balance includes financial assets measured at amortized cost, e.g., cash and cash equivalents, other financial assets, notes receivable (including those due from related parties), accounts receivable (including those due from related parties), other receivables (including those due from related parties), and guarantee deposit paid.

Note 2: The balance included the financial liabilities measured at amortized cost such as short-term borrowings, notes payable, accounts payable, other payables, refund liabilities, and guarantee deposits received.

(IV) Financial risk management purpose and policy

The Company's financial risk management objectives are to manage the market risk, credit risk, and liquidity risk arising from operations. We also identify, measure, and manage the said risks according to our policy and risk preference, and seek to reduce the potentially adverse impact on the Company's financial position and financial performance.

The Company has put the said financial risk management policy in writing based on applicable regulations. Risk management work is carried out through close collaboration between the Company's business units and financial department, which are responsible for identifying, assessing, and avoiding financial risks and implementing the policy approved by the Board of Directors.

1. Market risk

   (1) Exchange rate risk

   The Company is exposed to the risk of exchange rate changes because it participates in purchase or sale transactions denominated in a currency other than its functional currency.

   For the book value of the Company's monetary financial assets and monetary financial liabilities denominated in a currency other than the functional currency on the balance sheet date, refer to Note 30.

   The Company is affected primarily by fluctuation in the exchange rate of USD. Below is a sensitivity analysis of the scenarios in which the exchange rate of each functional currency against each relevant foreign currency increases or decrease by 1%. The 1% represents the Company's assessment of a reasonable range of exchange rate change.

   The sensitivity analysis includes only the foreign currency monetary items still outstanding on the balance sheet date. Scenario 1 as described in the following table represents the Company's profit or loss had each functional currency appreciated by 1% against USD. Scenario 2 as described in the following table represents the Company's profit or loss had each functional currency depreciated by 1% against USD.

	Effect of USD currency (Note)	
	2023	2022
Scenario 1 - Pre-tax profit or loss	($ 4,203)	($ 3,744)
Scenario 2 - Pre-tax profit or loss	4,203	3,744

Note: Mainly comes from cash and cash equivalents, receivables, other receivables, short-term borrowings, and payables which were still outstanding on the balance sheet date and for which no cash flow hedge is purchased.

(2) Interest rate risk

The Company's interest rate risk mainly comes from bank deposits and repo bonds, by which the interest income generated would be impacted if interest rate changes. The Company does not expect to be significantly impacted by interest rate change.

(3) Other price risk

The Company is exposed to the risk of equity price change because it invests in domestic and foreign listed and unlisted shares, and fund benefit certificate.

If equity price goes down/up 1%, the pre-tax profit for 2023 will go down/up NT$3,560 thousand due to changes in the fair value of financial assets at fair value through profit or loss, and other comprehensive income for 2023 and 2022 will go down/up NT$4,692 thousand and NT$4,596 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss from the failure of customers or financial instrument counterparties to fulfill their obligations, and mainly comes from the Company's bank deposits, other financial instruments, and the receivables due from customers that are generated from operations,

Operations manage customer credit risk based on the Company's customer credit risk management policy, procedures, and control. Such assessment accounts for the customer's financial condition, past transaction record, current economic environment, and the Company's internal credit rating. In addition, where appropriate, the Company uses some credit enhancement (e.g., trade advance, asset as collateral, etc.) to reduce the credit risk from certain customers.

As of December 31, 2023 and 2022, the Company did not have a single customer which individually accounted for 10% or more of the Company's receivables. Therefore, the receivables did not have a concentrated credit risk.

The financial department manages the credit risk accompanying bank deposits and other financial instruments according to the Company's policy. The Company's counterparties are all creditable banks, posing insignificant concern over default.

3. Liquidity risk

The Company's financial department monitors the forecast of the Company's liquidity needs to ensure that sufficient fund is available to meet operational needs, and maintains an amount of committed loan that is sufficient and left intact, at all times. As of December 31, 2023 and 2022, the amount of the Company's committed loans which have yet to be drawn on was NT$1,247,849 thousand and NT$1,249,228 thousand, respectively.

The remaining contractual maturity analysis for non-derivative financial liabilities was compiled based on the undiscounted cash flows from financial liabilities (including principal and estimated interest) on the earliest date on which the Company will be demanded to pay. Therefore, the bank loans which the Company is able to pay in full immediately if so demanded are listed in the earliest interval in the following table, without factoring in the chance of banks' immediate execution of the right. The maturity analysis for other non-derivative financial liabilities was compiled based on the repayment date specified on the contract.

	Within 1 year	1~5 years	More than 5 years	Total
December 31, 2023				
Non-derivative financial liabilities				
Non interest bearing debt	$1,162,910	$ 5,888	$ -	$1,168,798
Floating rate liability	1,378	-	-	1,378
Lease liabilities	8,331	15,033	-	23,364
	$1,172,619	$ 20,921	$ -	$1,193,540
December 31, 2022				
Non-derivative financial liabilities				
Non interest bearing debt	$1,069,598	$ 5,696	$ -	$1,075,294
Fixed rate liability	100,461	-	-	100,461
Lease liabilities	8,441	947	-	9,388
	$1,178,500	$ 6,643	$ -	$1,185,143

XXVII. Related Party Transactions

Name of related party	Relationship with the Company
Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD. (YUNG CHI Kunshan)	Subsidiary
YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. (YUNG CHI Jiaxing)	Subsidiary
YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD. (YUNG CHI Vietnam)	Subsidiary

YUNG CHI PAINT & VARNISH MFG. (Malaysia) CO., LTD. (YUNG CHI Malaysia)	Subsidiary
Continental Coatings, Inc. (Continental)	Subsidiary
Yong Ying Investment Co., Ltd.	Substantive related party
Jieyou Industrial Co., Ltd.	Substantive related party
Sanxiangmin Co., Ltd.	Substantive related party
JAUH - HSING ENTERPRISE CO., LTD.	Substantive related party
Yung Yu Paint Shop	Substantive related party
YUNG FEW PAINT CO., LTD.	Substantive related party
Chang Te-Hsiung	Member of the Company's key management
Chang Te-Jen	Member of the Company's key management
Chang Te-Sheng	Member of the Company's key management
Chang Te-Hsien	Member of the Company's key management

Transactions between the Company and related parties are as follows:

(I) Operating revenue

General ledger account	Type of related party	2023	2022
Goods sales revenue	The Company assumes the key management role in other company.	$ 439,646	$ 410,842
	Subsidiary	379,018	594,746
	Substantive related party	142,993	140,368
		$ 961,657	$ 1,145,956

The products sold by the Company to subsidiaries are mainly preliminarily processed raw materials. The selling price is based on the cost-plus pricing method. Currently, there is no similar transaction which can be used as comparison. In addition, the terms for sale to related parties are the same as those for an arm's length transaction.

(II) Purchase

Type of related party	2023	2022
Subsidiary	$ 75,146	$ 95,789

The price of products sold by related parties to the Company is based on market price; there is no comparably similar transaction between the Company and other related party.

(III) Receivables due from related parties

General ledger account	Name and type of related party	December 31, 2023	December 31, 2022
Notes receivable and accounts receivable	The Company assumes the key management role in other company.	$111,300	$ 77,899
	Subsidiary		
	Continental	$ 45,491	185,951
	Others	39,723	46,216
	Substantive related party	71,802	81,185
		$268,316	$391,251
Other receivables	Subsidiary		
	YUNG CHI	$ 8,913	$ 12,832
	Kunshan		
	YUNG CHI	7,465	9,374
	Malaysia		
	YUNG CHI	18,273	5,151
	Vietnam		
	YUNG CHI	721	-
	Jiaxing		
	Continental	-	104
	Substantive related party	118	116
		$ 35,490	$ 27,577

(IV) Payables due to related parties (excluding financing facilities)

General ledger account	Type of related party	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary	$ 8,816	$ 1,955
Other payables	Substantive related party	$ 1,253	$ 1,103

The outstanding balance of the payables due to related parties was not secured against collateral.

(V) Joint suretyship:

Joint surety for short-term borrowings as of December 31, 2023 and 2022 was provided by the key management.

(VI) Other related party transactions

1. Financing facility

In September 2022 and October 2021, the Company took out an unsecured financing facility from a substantive related party; the annual interest rate thereof was 1.40% and 0.995%, respectively, which was calculated based on the interest rate of the financing facilities taken out by the Company from financial institutions. As of December 31, 2022, financing facility payable and interest payable (presented under other payables) were NT$100,000 thousand and NT$461 thousand. The interest expense recognized for 2023 and 2022 was NT$68 thousand and NT$1,488 thousand, respectively.

2. Lease agreements

The Company leased operational premises and shipping hubs from substantive related parties and members of the Company's key management. The lease term was 3 years and the rental, which was negotiated upon by referencing the rental charged in nearby areas, did not differ significantly from general lease terms and conditions. Lease liabilities recognized by the Company for said leases amounted to NT$21,629 thousand and NT$7,318 thousand as of December 31, 2023 and 2022, respectively.

3. Commissioned processing fee

The Group's fire resistance coating materials are processed by a substantive related party on a commission basis. The said expenses for 2023 and 2022 amounted to NT$14,692 thousand and NT$21,454 thousand, respectively. There was no transaction between the Company and other related parties which is similar enough for comparison.

4. Below are the details of transactions in which the Company purchased raw materials, machinery and equipment, and hardware parts on behalf of subsidiaries in 2023 and 2022:

Counterparty	Transaction content	Transaction price 2023	Transaction price 2022
Subsidiary	Purchase of material on behalf of another party	$156,001	$167,596
	Purchase of equipment and hardware parts on behalf of others	2,943	2,610
		$158,944	$170,206

The income generated from the Company's purchase of said items on behalf of related parties (recognized as other income) amounted to NT$4,111 thousand and NT$3,283 thousand.

Below are the receivables (recognized as other receivables) generated from the said transactions made on behalf of others, as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Subsidiary	$ 35,372	$ 27,461

The credit period for receivables arising from the Company's purchase of said items on behalf of related parties is between 90days to 100 days.

(VII) Remuneration to key management

	2023	2022
Short-term employee benefits	$ 33,795	$ 27,207
Post-employment benefit	1,115	686
	$ 34,910	$ 27,893

XXVIII. Pledged and Mortgaged Assets

The following assets were provided as collateral for short-term borrowings or guarantee for construction warranty or L/C issuance:

	December 31, 2023	December 31, 2022
Property, plant and equipment - net	$361,954	$363,074
Other financial assets - time deposit	400	1,768
	$362,354	$364,842

XXIX. Material contingent liabilities and unrecognized contractual commitments

As of December 31, 2023, the Company had the following material commitments yet to be fulfilled:

(I) The L/Cs issued for purchase of materials but not used amounted to about NT$12,482 thousand.

(II) The guarantee letter issued by financial institutions for performance of contractual obligations amounted to about NT$55,349 thousand.

(III) The unfulfilled obligations under construction contracts undertaken amounted to about NT$960,303 thousand.

XXX. Information on foreign currency assets and liabilities with significant effects

The following information is summarized and stated based on the foreign currencies other than the functional currency of the Company. The disclosed exchange rate represents the exchange rate of such foreign currency against the functional currency. Information on foreign currency assets and liabilities with significant effects is as follows:

Unit: In thousand foreign currency; exchange rate: dollars

December 31, 2023	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 14,797	30.655	$ 453,602
CNY	13,625	4.302	58,616

	Foreign currency	Exchange rate	Book value
Non-monetary items			
Investments accounted for using equity method			
USD	131,165	30.655	4,002,828
Foreign currency liabilities			
Monetary items			
USD	$ 1,081	30.755	$ 33,259
December 31, 2022			
Foreign currency assets			
Monetary items			
USD	13,230	30.66	405,624
CNY	15,212	4.383	66,674
Non-monetary items			
Investments accounted for using equity method			
USD	136,239	30.66	4,151,240
Foreign currency liabilities			
Monetary items			
USD	1,019	30.76	31,348

The Company's net foreign currency exchange gain (including realized and unrealized) for 2023 and 2022 totaled NT$8,647 thousand and NT$67,163 thousand, respectively.

XXXI. Supplementary Disclosures

(I) Significant Transactions and (II) Information on Investees

1. Loaning of funds to others: None.Appendix Table 1
2. Making endorsements/guarantees for others: Appendix Table 2.
3. Marketable securities held at the end of year (excluding investment in subsidiaries and associates): Appendix Table 3
4. Accumulated purchase or sale of the same marketable securities reaching NT$300 million or 20% of paid-in capital or more: Appendix Table 4.

5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Appendix Table 5.
8. Receivables due from related parties reaching NT$100 million or 20% of paid-in capital or more: Appendix Table 6.
9. Engagement in derivatives trading: None.
10. Information on investees: Appendix Table 7.

(III) Information on Investments in Mainland China

1. Name of investees in China; major business activities; paid-in capital; investment method; inward and outward remittance; shareholding percentage; investment gains or losses; carrying amount of investments at the end of year; investment gain (loss) remitted back; and limit on the amount of investment in China: Appendix Table 8.
2. Major transactions made with China investees through a third region, either directly or indirectly, and the price, payment terms, and unrealized gains or losses thereof:

(1) Purchase amount and the percentage thereof, and balance of related payables and the percentage thereof at the end of year

The purchase amount made by the Company from the subsidiary YUNG CHI Kunshan in 2023 was as follows:

	Purchase amount	Payables at the end of year
YUNG CHI Kunshan	$ 75,146	$ 8,816

The price of goods purchased by the Company from

YUNG CHI Kunshan is formulated by referencing the market price; the average credit period is about three months after acceptance of goods or receipt of required payment requisition documents.

(2) Sales amount and the percentage thereof, and balance of related receivables and the percentage thereof at the end of year

The amount of sales made by the Company to the subsidiary YUNG CHI Kunshan in 2023 was as follows:

	Sales amount	Accounts receivable at the end of year
YUNG CHI Kunshan	$ 86,938	$ 23,059

The price of goods sold by the Company to YUNG CHI Kunshan is set by using the cost-plus pricing approach; the average credit period is about 90 days to 100 days. The unrealized sales gain of NT$1,834 thousand as of December 31, 2023 was arising from the Company's sale of goods to YUNG CHI Kunshan.

(3) Asset transaction price and the amount of gain or loss arising therefrom: None.

(4) The balance and purpose of endorsements and guarantees made for notes, or collateral provided, at the end of the year: None.

(5) Financing facilities in terms of maximum balance, year-end balance, interest interval, and total interest in the same year: None.

(6) Transactions significantly affected the profit or loss or financial position in the current year

Below are the details of transactions in which the Company purchased raw materials on behalf of YUNG CHI Kunshan in 2023:

	Transaction content	Transaction price	Other receivables at the end of year
YUNG CHI Kunshan	Purchase of material on behalf of another party	$ 51,690	$ 8,913

(IV) Major shareholders: Name of major shareholders with a 5% or more stake in the Company, and the number and percentage of shares the person holds: Appendix Table 9.

XXXII. Segment Information

Segment information is exempted from having to be included in the parent company only financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Loans to others

January 1 through December 31, 2023

Appendix Table 1

Unit: NT$1,000

No.	Lending company	Borrowing company	Financial account	Whether a related party or not	Maximum balance during the period	Balance, end of period	Drawdown (Note2)	Interest rate range (%)	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated provisions	Collateral		Limit of loans to a single borrower (Note2)	Limit of total loaning of funds (Note 1)	Remarks
													Name	Value			
1	YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Other receivables	Yes	$179,831	$179,831	$ 133,224	4.35	Short-term financing fund	$ -	Working capital	$ -	None	$ -	$ 558,275	$ 558,275	

Note: According to the "Regulations Governing Loaning of Funds" of YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD., the amount of intra-group loaning of funds made by an individual group entity or all group entities must not exceed 100% of the Company's paid-in capital.

Note 2: This is the amount converted using the exchange rates at the end of drawdown month.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Making endorsements/guarantees for others

January 1 through December 31, 2023

Appendix Table 2

Unit: NT$1,000

No.	Endorser/guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship (Note 1)	Limit on endorsement/ guarantees provided for a single party (Note 2)	Maximum balance for the year	Ending balance	Drawdown	Amount of endorsement/ guarantees collateralized with properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement (%)	Highest limit (Note 2)	Guarantee provided by parent company to subsidiary	Guarantee provided by subsidiary to a parent company	Guarantee provided to entities in Mainland China	Remarks
0	The Company	REULE ENTERPRISE CO., LTD.	1	$ 324,000	$ 10,774	$ -	$ -	$ -	-	$ 648,000	N	N	N	
0	The Company	Twinahead International Material Co., Ltd.	1	324,000	33,290	33,290	-	-	0.34	648,000	N	N	N	
0	The Company	Superkuma International Co., Ltd.	1	324,000	126,000	126,000	-	-	1.29	648,000	N	N	N	
0	The Company	Jusheng Co., Ltd.	1	324,000	31,835	31,835	-	-	0.33	648,000	N	N	N	
0	The Company	Chief-Go Co., Ltd.	1	324,000	99,786	99,786	-	-	1.02	648,000	N	N	N	
0	The Company	Quan Shao Industrial Co., Ltd.	1	324,000	24,302	24,302	-	-	0.25	648,000	N	N	N	
0	The Company	Quan Cheng Industrial Co., Ltd.	1	324,000	7,560	7,560	-	-	0.08	648,000	N	N	N	
0	The Company	Quan Young Engineering Co., Ltd.	1	324,000	6,326	6,326	-	-	0.06	648,000	N	N	N	

Note 1: Companies with which the Company transacts.

Note 2: This is in accordance with the Company's Regulations for Making of Endorsements and Guarantees, which cap the Company's provision of endorsement and guarantee at 40% of the Company's paid-in capital, and which also cap the Company's provision of endorsement and guarantee for a single enterprise at 20% of the Company's paid-in capital.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Marketable Securities Held at the End of Period

December 31, 2023

Appendix Table 3

Unit: NT$ thousand, unless otherwise stated

Investor	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	End of year				Remarks
				Shares/units	Book value	Shareholding Percentage (%)	Fair value	
The Company	Fund benefit certificate							
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss-current	25,532,970	$355,994	-	$355,994	
	Common shares							
	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Financial assets at fair value through other comprehensive income - current	3,668,477	$107,303	1.14	$107,303	
	China Steel Structure Co., Ltd.		Financial assets at fair value through other comprehensive income - current	4,990,000	275,947	2.50	275,947	
	Ta Chen Stainless Pipe Co., Ltd.		Financial assets at fair value through other comprehensive income - current	72,000	2,851	-	2,851	
	Aerospace Industrial Development Corporation		Financial assets at fair value through other comprehensive income - current	1,000,000	53,580	0.11	53,580	
					$439,681		$439,681	
	Common shares							
	CANDO		Financial assets at fair value through other comprehensive income - non-current	3,520,359	$ -	0.90	$ -	Note1
	Hua Nan Investment Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	85,887	-	15.85	-	Note2
	SHIN CHOU ENTERPRISE CO.,		Financial assets at fair value through other	2,850,000	19,010	15.00	19,010	

	LTD.		comprehensive income - non-current					
	ASIA HEPATO GENE CO.		Financial assets at fair value through other comprehensive income - non-current	333,250	2,217	3.84	2,217	
	RISING CHEMICAL CO., LTD.		Financial assets at fair value through other comprehensive income - non-current	1,080,000	8,340	5.14	8,340	
					$ 29,567		$ 29,567	
Dmass Investment International Co., Ltd	Common shares							
	SELATAN COATING & INSULATION SDN.BHD		Financial assets at fair value through other comprehensive income - non-current	50,000	$ 139	10.00	$ 139	

Note 1: Declared bankrupted by the bank.

Note 2: Suspended operations.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Accumulated purchase or sale of the same marketable securities reaching NT$300 million or 20% of paid-in capital or more

January 1 through December 31, 2023

Appendix Table 4

Unit: NT$ thousand, unless otherwise stated

Buyer or seller	Securities type	Securities name	General ledger account	Transaction counterparty	Relationship	Beginning of year		Purchase (Note)		Sale				End of year	
						Shares	Amount	Shares	Amount	Shares	Selling price	book value	Disposal gain (loss)	Shares	Amount
The Company	Fund benefit certificate	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss- current	Not a related party	None	-	$ -	75,882,970	$ 1,051,009	50,350,000	$ 698,861	$ 695,015	$ 3,846	25,532,970	$355,994
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	Financial investment with floating yields	Kunshan Rural Commercial Bank	Financial assets at fair value through profit or loss - Current	Not a related party	None	-	-	-	463,771	-	465,910	463,771	2,139	-	-

Note: Purchase amount this year, including considerations and valuation gain or loss.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

January 1 through December 31, 2023

Appendix Table 5

Unit: NT$ thousand, unless otherwise stated

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arms-length transaction and reasons therefor		Notes/Accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales) (%)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Sales	$439,646	4.70	The credit periods average 90 days to 100 days.	$ -	-	$111,300	4.49	-
	Continental Coatings, Inc.	Subsidiary	Sales	172,828	1.85	The credit periods average 90 days to 100 days.	-	-	45,491	1.83	-
	YUNG FEW PAINT CO., LTD.	Substantive related party	Sales	142,276	1.52	The credit periods average 90 days to 180 days.	-	-	71,678	2.89	-

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Receivables due from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Appendix Table 6

Unit: NT$ thousand, unless otherwise stated

Company from which receivables are due	Transaction counterparty	Relationship	Balance of receivables due from related parties	Turnover rate	Overdue receivables due from related parties		Receivables due from related party that were recovered after the reporting period	Appropriated allowance for bad debt
					Amount	Handling method		
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	$ 111,300	4.65	$ -	-	$ 38,883	$ 2,271

Note: Including accounts receivable of NT$185,951 thousand and other receivables of NT$104 thousand. The turnover rate is not applicable to other receivables, which were excluded from calculation.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on investees

January 1 through December 31, 2023

Appendix Table 7

Unit: NT$ thousand, unless otherwise stated

Name of investor	Investee	Region	Main business line	Original investment amount		Shares held at the period-end			Net profit or loss of investee in the year	Investment gains of losses recognized in the year	Remarks
				End of year	End of the previous year	Shares	Percentage (%)	Book value			
The Company	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	$ 652,182	$ 652,182	16,714,658	94	$ 2,609,545	$ 61,754	$ 58,092	Subsidiary
The Company	Cmass Investment Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	792,529	46,452	46,452	Subsidiary
The Company	Emass Investment International Co., Ltd	Samoa	Professional investment company	858,390	858,390	22,020,000	100	600,754	4,650	4,650	Subsidiary
The Company	PPG Yung Chi Coatings Co., Ltd	Vietnam	Paint and pigments manufacture	30,797	30,797	-	35	26,124	15	5	Associate
Cmass Investment Co., Ltd	Dmass Investment International Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	794,070	46,445	46,445	Subsidiary
Emass Investment International Co., Ltd	Yung Chi America Corp	USA	Professional investment company	858,390	858,390	2,202,000	100	614,924	4,650	4,650	Subsidiary
Yung Chi America Corp	Continental Coatings, Inc.	USA	Sale and processing of paints	507,554	507,554	10,736,000	100	308,196	10,069	10,069	Subsidiary
Dmass Investment International Co., Ltd	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	138,420	138,420	1,053,408	6	164,620	61,754	3,662	Subsidiary
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Vietnam	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	488,081	488,081	-	100	442,445	55,828	55,828	Subsidiary
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Malaysia	Manufacture and sale of paints	383,127	383,127	44,552,170	100	170,658	(13,677)	(13,677)	Subsidiary
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	TLT Engineering Sdn Bhd	Malaysia	Thermal insulation and painting projects	16,011	16,011	1,960,000	49	7,403	(2,604)	(1,276)	Associate

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on Investments in Mainland China

January 1 through December 31, 2023

Appendix Table 8

Unit: NT$ thousand, unless otherwise stated

Investee in Mainland China	Main business line	Paid-in Capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current year	Amount of investments remitted or recovered in current year		Accumulated amount of investments from Taiwan at the end of current year	Profit (loss) of investee in the current year (Note 1)	The Company's shareholding of direct or indirect investment	Investment gains of losses recognized in the year (losses)	Investment book value at the end of the year	Profit received from investments as of the end of current year	Remarks
					Outflow	Inflow							
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	$ 493,722	Investment in China through a company in a third region	$ 483,140	$ -	$ -	$ 483,140	$ 189,401	100.00	$ 189,401	$ 1,470,763	$ 1,366,447	
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	1,517,013	Investment in China through a company in a third region	158,460	-	-	158,460	(105,538)	100.00	(105,538)	1,301,633	-	

Name of investor	Accumulated amount of investments from Taiwan to Mainland China at the end of current period (Note 2)	Investment amount approved by the Investment Review Committee, MOEA (Note 3)	Limit on the Company's investment in China (Note 4)
The Company	$ 652,182	$ 1,134,235	$ 5,872,810

Note 1: The investment gain or loss is recognized based on the Taiwan parent's financial statements audited and attested by CPAs.

Note 2: The accumulated investment amount remitted from Taiwan to Bmass at the end of this year was US$20,132 thousand, but the amount actually invested in YUNG CHI Kunshan and YUNG CHI Jiaxing by Bmass was US$14,687 thousand and US$ 5,132 thousand, respectively.

Note 3: This is the amount converted using the exchange rates at the end of December 2023.

Note 4: Calculated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" promulgated by the Investment Review Committee on August 29, 2008: Net worth $9,788,016×60%=$5,872,810.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Information on Major Shareholders

December 31, 2023

Appendix Table 9

Name of major shareholder	shares	
	Number of shares held (shares)	Shareholding percentage
Yong Ying Investment Co., Ltd.	36,698,653	22.65%
Chang Te-Hsiung	12,248,846	7.56%
CITI Bank as the custodian of the dedicated investment account of Yuanta Securities (Hong Kong)	12,167,000	7.51%
Chang Te-Jen	11,529,971	7.11%
Chang Te-Sheng	10,365,996	6.39%
Huang Hsiang-Hui	9,336,101	5.76%

§ Schedule of Major Accounts §

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of cash and cash equivalents

December 31, 2023

Schedule 1

Unit: NT$1,000 thousand, unless otherwise stated

Item	Maturity date	Annual interest rate (%)	Amount
Cash on hand and working capital			$ 1,080
Bank check and demand deposit			754,420
Time deposits in banks- including USD2,000 thousand (Note)	113.02.22～113.03.26	5.10～5.30	61,310
Repo bond denominated in foreign currency - including USD4,651 thousand (Note)	113.01.16～113.01.24	5.35～5.45	142,581
			$959,391

Note: Exchange rate is US$1＝NT$30.655.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Financial assets at fair value through profit or loss - current

December 31, 2023

Schedule 2

Unit: NT$1,000 thousand, unless otherwise stated

Name of marketable securities	Units	Cost	Fair Value (Note) Unit price (NT$)	Fair Value (Note) Total amount	Remarks
Fund benefit certificate Taishin 1699 Money Market Fund	25,532,970	$ 354,985	$ 13.9425	$ 355,994	

Note:The fair value is calculated on the basis of the net value of funds at the balance sheet date.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Financial assets at fair value through other comprehensive income - current

December 31, 2023

Schedule 3

Unit: NT$ thousand, unless otherwise stated

Name of financial products	Shares	Face value (NT$)	Total amount	Acquisition cost	Accumulated impairment loss	Fair value (Note)		Remarks
						Unit price (NT$)	Total amount	
TWSE-listed stocks								
Sheng Yu Steel Co., Ltd.	3,668,477	$10	$ 36,685	$ 56,173	$ -	$ 29.25	$ 107,303	
China Steel Structure Co., Ltd.	4,990,000	10	49,900	133,515	-	55.30	275,947	
Ta Chen Stainless Pipe Co., Ltd.	72,000	10	720	2,635	-	39.60	2,851	
Aerospace Industrial Development Corporation	1,000,000	10	10,000	49,383	-	53.58	53,580	
			$ 97,305	$ 241,706	$ -		$ 439,681	

Note: The fair value is calculated by taking the closing price on the balance sheet date.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Notes Receivable

December 31, 2023

Schedule 4 Unit: NT$1,000

Customer name	Amount (Note 2)	Remarks
Related party		
YUNG FEW PAINT CO., LTD.	$ 53,844	Sales proceeds
Less: loss allowance	1,077	
	$ 52,767	
Not a related party		
SOON-XIN INDUSTRIAL CO., LTD	$ 27,413	Sales proceeds
FAN-GAO Engineering Co., Ltd.	13,213	Sales proceeds
Others (Note 1)	212,824	
	253,450	
Less: loss allowance	5,069	
	$248,381	

Note 1: The balance of each individual customer did not exceed 5% of this account.

Note 2: There were no notes receivable whose maturity were more than one year.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Accounts Receivable

December 31, 2023

Schedule 5 Unit: NT$1,000

Customer name	Amount	Remarks
Related party		
Sheng Yu Steel Co., Ltd.	$ 113,571	Sales proceeds
Continental Coatings, Inc.	45,491	Sales proceeds
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	23,059	Sales proceeds
YUNG FEW PAINT CO., LTD.	19,297	Sales proceeds
Others (Note 2)	16,791	
	218,209	
Less: loss allowance	2,660	
	$ 215,549	
Not a related party		
YIEH PHUI ENTERPRISE CO.,LTD.	$ 169,322	Sales proceeds
Others (Note 2)	1,199,446	(Note 1)
	1,368,768	
Less: loss allowance	39,099	
	$1,329,669	

Note 1: The accounts receivable more than 270 days past due amounted to NT$15,826 thousand, for which the Company already set aside a provision of NT$13,173 thousand.

Note 2: The balance of each individual customer did not exceed 5% of this account.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Other Receivables

December 31, 2023

Schedule 6 Unit: NT$1,000

Item	Amount
Related party	
Purchase of materials, machinery and equipment, and hardware on behalf of another party	$ 35,372
Human resource support service receivable	118
	$ 35,490
Not a related party	
Material purchase discount receivable	$ 6,399
Expenses of purchase of raw materials and utility payments paid on behalf of others	5,899
Group travel proceeds refund receivable	1,500
Others	2,145
	$ 15,943

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Inventories

December 31, 2023

Schedule 7 Unit: NT$1,000

Item	Amount	
	Cost	Net realizable value (Note)
Finished-goods	$ 557,611	$ 839,856
Products	11,874	14,780
Raw materials	942,138	956,214
Materials	13,229	13,438
Inventory in transit	12,033	12,033
	$1,536,885	$1,836,321

Note: Net realizable value of raw materials is estimated based on replacement costs, and net realizable value of other accounts is estimated at the remainder of estimated sales price less sales cost under ordinary course of business.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of other current assets

December 31, 2023

Schedule 8 Unit: NT$1,000

Item	Amount
Trade prepayment	$ 83,130
Others (Note)	11,917
	$ 95,047

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of changes in financial assets at fair value through other comprehensive income - non-current

2023

Schedule 9

Unit: NT$ thousand, unless otherwise stated

Name	Beginning of year		Increase in the current year		Decrease in the current year		End of year		Provision of guarantee or pledge	Remarks
	Shares or thousands of shares	Fair value	Shares or thousands of shares	Amount	Shares or thousands of shares	Amount	Shares or thousands of shares	Fair value (Note 1)		
Domestic stock traded on the emerging stock market										
JONG SHYN SHIPBUILDING CO., LTD.	346,500	$ 30,769	15,954	$ 12,293	362,454	($ 43,062)	-	$ -	None	
Domestic shares not traded on an exchange or OTC										
CANDO	3,520,359	-	-	-	-	-	3,520,359	-	None	Note2
SHIN CHOU ENTERPRISE CO., LTD.	2,850,000	18,615	-	395	-	-	2,850,000	19,010	None	
ASIA HEPATO GENE CO.	333,250	2,242	-	-	-	(25)	333,250	2,217	None	
Hua Nan Investment Co., Ltd.	85,887	-	-	-	-	-	85,887	-	None	Note2
RISING CHEMICAL CO., LTD.	1,080,000	8,599	-	-	-	(259)	1,080,000	8,340	None	
		29,456		395		(284)		29,567		
Foreign shares not traded on an exchange or OTC										
UNION STEEL DEVELOPMENT CORPORATION	1,000,000	15,105	-	-	1,000,000	(15,105)	-	-	None	
		$ 75,330		$ 12,688		($ 58,451)		$ 29,567		

Note 1: Fair value is estimated using the valuation technique specified in Note 26.

Note 2: CANDO was declared bankrupt by the court, and Hua Nan Investment Co., Ltd. already ceased operations. Sufficient impairment loss allowance has been provided.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Investments Accounted for Using Equity Method

2023

Schedule 10 Unit: NT$ thousand, unless otherwise stated

	Balance - beginning of period		Increase in the current year (Note 1)		Decrease in the current year (Note 1)		Balance - end of year			Market value or net equity			
Investee	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding percentage (%)	Amount	Unit price (NT$)	Total amount (Note 2)	Provision of guarantee or pledge	Remarks
Investment in subsidiary													
Bmass Investment Co., Ltd	16,714,658	$ 2,782,350	-	$ -	-	($ 172,805)	16,714,658	94	$ 2,609,545	$ 156.24	$ 2,611,430	None	
Cmass Investment Co., Ltd	23,800,000	780,876	-	11,653	-	-	23,800,000	100	792,529	33.38	794,502	None	
Emass Investment International Co., Ltd	22,020,000	588,014	-	12,740	-	-	22,020,000	100	600,754	27.93	614,924	None	
		4,151,240		24,393		(172,805)			4,002,828		4,020,856		
Investment in associates													
PPG Yung Chi Coatings Co., Ltd	-	26,843	-	-	-	(719)	-	35	26,124		26,124	None	
		$ 4,178,083		$ 24,393		($ 173,524)			$ 4,028,952		$ 4,046,980		

Note 1: The increase or decrease in this year was mainly due to elimination of unrealized gains from downstream transactions, gains and losses on investment accounted for using the equity method, and adjustment of relevant equity items.

Note 2: Net equity is calculated by applying the amount indicated on the financial statements of each investee to the Company's shareholding percentage in them. The deviation from book value at the end of year is adjusted through unrealized gain or loss on downstream transactions at the end of year.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Changes in Right-of-use Assets

2023

Schedule 11 Unit: NT$1,000

Item	Balance - beginning of period	Increase in the current year	Decrease in the current year	Balance - end of year
Cost				
Buildings	$ 21,395	$ 21,629	($ 21,395)	$ 21,629
Transportation equipment	3,436	396	(396)	3,436
	24,831	$ 22,025	($ 21,791)	25,065
Accumulated depreciation				
Buildings	14,264	$ 7,131	($ 21,395)	-
Transportation equipment	1,499	1,146	(396)	2,249
	15,763	$ 8,277	($ 21,791)	2,249
	$ 9,068			$ 22,816

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Short-term Borrowings

2023

Schedule 12

Unit: NT$ thousand, unless otherwise stated

Type	Contract period	Range of interest rates (%)	Loan commitment	Amount	Collateral
Letters of credit					
ICBC Bank	112.12.26～113.01.02	Settled before interest accrual	500,000（Note）	$ 1,378	Note 28

Note: The loan commitment denominated in NT dollars can be converted into equivalent amounts in other currencies, and the commitment remains unchanged.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Notes Payable

December 31, 2023

Schedule 13 | Unit: NT$1,000

Supplier name	Amount	Remarks
HUA TUNG CHEMICAL INDUSTRIAL CO., LTD.	$ 15,002	Materials purchase proceeds
Nan Ya Plastics Corporation	14,079	Materials purchase proceeds
Others (Note)	4,563	
	$ 33,644	

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Accounts Payable

December 31, 2023

Schedule 14 Unit: NT$1,000

Supplier name	Amount
Related party	
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	$ 8,816
Not a related party	
ETERNAL MATERIALS CO., LTD.	$ 89,162
Guoying Engineering Co., Ltd.	54,620
SHANG CHEN HANG Co., Ltd.	52,713
Others (Note)	554,477
	$750,972

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Lease Liability

December 31, 2023

Schedule 15

Unit: NT$1,000

Name	Lease term	Discount rate (%)	Balance
Buildings	2024.01.01～2026.12.31	1.775	$21,629
Transportation equipment	2021.05.29～2026.02.25	2.625	1,214
			22,843
Less: current portion			8,020
			$14,823

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Operating Income

2023

Schedule 16

Unit: NT$1,000 thousand, unless otherwise stated

Item	Quantity (kg)	Amount
Revenue from sale of paints and coatings manufactured by the Company itself	78,172,553	$7,209,319
Less: sales return	322,383	(35,668)
Sales discounts		(356,203)
Net sales revenue		6,817,448
Income from painting projects undertaken		364,608
		$7,182,056

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Operating Costs

2023

Schedule 17 Unit: NT$1,000

Item	Amount
Cost of purchased goods sold	
Products - beginning balance	$ 17,641
Material purchase	70,923
Products - ending balance	(11,874)
Others	(2,199)
	74,491
Cost of self-manufactured products sold	
Direct raw materials	
Raw materials - beginning balance	1,061,085
Material purchase	4,137,644
Raw materials - ending balance	(942,138)
	4,256,591
Direct labor	154,493
Manufacturing overheads	668,538
Others	(18,524)
Manufacturing expenses	5,061,098
Add: finished-goods - beginning balance	549,661
Less: finished-goods - ending balance	(557,611)
Others	(24,121)
	5,029,027
Sales cost	5,103,518
Construction cost	312,673
	$5,416,191

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Operating Expenses

2023

Schedule 18 Unit: NT$1,000

Item	Marketing expenses	General and administrative expenses	R&D expense	Gains on expected reversal of credit impairment	Total
Labor costs	$ 198,053	$ 122,053	$ 126,516	$ -	$ 446,622
Advertising expenditure	101,414	2,387	273	-	104,074
Travel and freight charges	90,235	1,471	4,164	-	95,870
Export expenses	20,962	-	-	-	20,962
Depreciation and amortization	17,993	15,100	12,159	-	45,252
Entertainment fee	23,107	3,522	656	-	27,285
Loss on expected credit impairment	-	-	-	4,030	4,030
Others	60,338	54,041	104,894	-	219,273
	$ 512,102	$ 198,574	$ 248,662	$ 4,030	$ 963,368

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Employee Benefits, Depreciation, and Amortization

2023 and 2022

Schedule 19

Unit: NT$1,000

	2023				2022			
	Operating cost	Operating expenses	Non-operating expenditures	Total	Operating cost	Operating expenses	Non-operating expenditures	Total
Employee benefit expenses								
Salary	$195,312	$384,288	$ -	$579,600	$197,553	$373,538	$ -	$571,091
Labor insurance and health insurance	19,717	32,061	-	51,778	19,026	30,100	-	49,126
Post-employment benefit	6,275	13,697	-	19,972	6,603	13,597	-	20,200
Directors' remuneration	-	3,294	-	3,294	-	3,253	-	3,253
Others	11,701	13,282	-	24,983	11,132	12,474	-	23,606
	$233,005	$446,622	$ -	$679,627	$234,314	$432,962	$ -	$667,276
Depreciation	$ 37,519	$ 43,016	$ 1,685	$ 82,220	$ 32,173	$ 52,101	$ 1,688	$ 85,962
Amortization	-	2,236	-	2,236	5	1,237	-	1,242

Note 1: The number of the Company's employees in 2023 and 2022 is 730 and 728, respectively, of whom the number of directors not concurrently serving as an employee is 6 for both years.

Note 2: The following information is additionally disclosed:

1. Average employee benefits expenses in 2023 in the amount of NT$934 thousand = (Total employee benefits expenses in 2023 - Total remuneration to directors) / (Total number of employees in 2023 - Total number of directors who are not concurrently an employee)

   Average employee benefits expenses in 2022 in the amount of NT$920 thousand = (Total employee benefits expenses in 2022 - Total remuneration to directors) / (Total number of employees in 2022 - Total number of directors who are not concurrently an employee)

2. Average employee salary expenses in 2023 in the amount of NT$801 thousand = Total salary expenses in 2023 / (Total number of employees in 2023 - Total number of directors who are not concurrently an employee).

   Average employee salary expenses in 2022 in the amount of NT$791 thousand = Total salary expenses in 2022 / (Total number of employees in 2022 - Total number of directors who are not concurrently an employee).

3. The average employee salary adjustment is 1% = (Average employee salary expenses in 2023 - Average employee salary expenses in 2022) / Average employee salary expenses in 2022.

4. The Company's remuneration policy: Remuneration to directors are based on the stipulation on the Articles of Incorporation. Salary to managers and employees are based on their education, years of service in a profession, their position, and their past performance. In addition, appropriate rewards and employee compensation will also be provided, subject to the Company's operating performance and employees' personal performance. In addition, salary will be adjusted every two to three years to reflect the increase in commodity prices.