Stock Code: 4721

2023 Annual Report

Website for annual report: http://mops.twse.com.tw

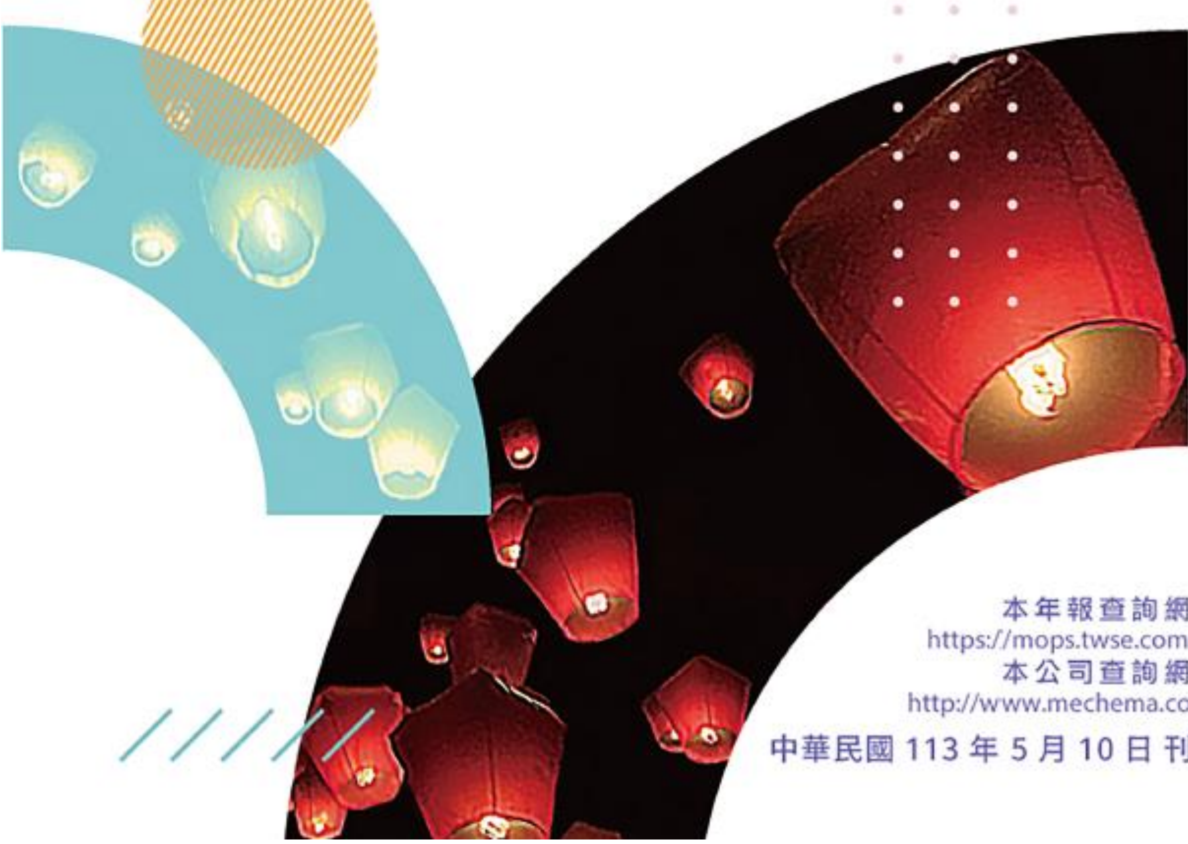
Website for Mechema: http://www.mechema.com/

Printed on May 10, 2024

股票代號：4721

MECHEMA
INTERNATIONAL GROUP
美琪瑪國際股份有限公司

112年度年報



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中華民國 113 年 5 月 10 日 刊印

1. **Spokesperson, proxy spokesperson, name, title, phone number, email address**

Spokesperson: Wen-Chi Yen
Title: Vice President
Tel: (03)4833788
E-mail address: nick@mechema.com
Proxy Spokesperson Chong-Yi Wang
Title: Special Assistant to President's Office
Tel: (03)4833788
E-mail address: tom@mechema.com

2. **Address and telephone number of head office, branch office and factory:**

Head Office Address: No. 15, Datong 1st Road, Guan Yin District, Taoyuan City
Tel: (03)4833788
Fax (03)4833799
Factory (1) Address: No. 15, Datong 1st Road, Guan-Yin District, Taoyuan City
Tel: (03)4833788
Fax (03)4833799
Factory (2) Address: No. 1, Datong 1st Road, Guan-Yin District, Taoyuan City
Tel: (03)4833788
Fax (03)4833799

3. **Name, address and telephone number of the stock transfer agent:**

Name: Horizon Securities Co., Ltd.
Address: 3F, No. 236, Sec. 4, Xinyi Road, Taipei, Taiwan
Tel: (02)23268818
Fax (02)27019156
Web address: http://www.honsec.com.tw

4. **Most recent CPAs:**

Name of Accountant: CPA Yung-Ming Chiu and CPA Chin-Chuan Shih
Name of Firm: Deloitte Touche Tohmatsu Limited (DTTL)
Address 20F, No. 100, Songren Road, Hsinyi District, Taipei, Taiwan
Tel: (02)2725-9988
Web address: http://www.deloitte.com.tw

5. **Trading venues for overseas securities and access to information on such overseas securities:**

The Company currently has no overseas-listed marketable securities

6. **Company website: http://www.mechema.com**
7. **The first over-the-counter (foreign emerging stock) market company should also be published: Not applicable**

1. For the Board of Directors' list, the nationality and major experience of the independent directors who are domiciled in Taiwan shall be added to the list.
2. Name, title, contact number and e-mail address of the designated domestic agent.

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Chapter 1 Letter to Shareholders

Dear shareholders,

The results of operations for the year ended December 31, 2023 and the outlook for the year 2024 are as follows:

The Company's consolidated operating revenues in 2023 amounted to NT$2,316,364 thousand, which decreased by NT$2,955,134 thousand, compared with NT$5,271,498 thousand in 2022, indicating a 56% decrease. Consolidated operating income in 2023 was NT$115,074 thousand, a decrease of NT$246,890 thousand by 68% in comparison to NT$361,964 thousand in 2022. Consolidated net loss in 2023 amounted to NT$(24,543) thousand, showing a decrease of NT$405,868 thousand or 106% from NT$381,325 thousand in 2022. The basic earnings per share was NT$(0.33) after tax in 2023.

I. Operating results for the year ended December 31, 2023:

(1) Revenues and Earnings:

Unit: NTD thousand

Year	2023	2022	Amount of increase (decrease)	Change ratio %
Item	Amount	Amount		
Net operating revenue	2,316,364	5,271,498	(2,955,134)	-56%
Operating costs	2,082,298	4,760,738	(2,678,440)	-56%
Gross profit	234,066	510,760	(276,694)	-54%
Unrealized gain on sales	0	(6,314)	6,314	-100%
Realized gross operating profit	3,860	0	3,860	
Operating profit	115,074	361,964	(246,890)	-68%
Non-operating income and expenses	(110,137)	119,306	(229,443)	-192%
Net income before tax	4,937	481,270	(476,333)	-99%
Income tax expense	29,480	99,945	(70,465)	-71%
Net income after tax for the period	(24,543)	381,325	(405,868)	-106%

(2) Budget implementation: None

(3) Analysis of financial income and expenses and profitability:

Unit: %

Item	Year 2023	Year 2022
Debt to assets ratio	31.89	40.03
Long-term capital to fixed assets ratio	302.77	415.91
Mobility Ratio	229.33	197.25
Quick Ratio	148.00	127.81
Return on Assets	(0.68)	15.86
Return on equity	(1.87)	26.46
Net yield	(1.06)	7.23

(4) Research Development Status:

Electric vehicles will generate a large amount of battery waste crisis, and the company's future goal is to reuse and recycle waste batteries to create economic value that will win the industry, customers, society and the environment.

II. Outline of business plan and future development strategy for the year 2024:

(1) Operation Policy:

- Business Development Objectives
  ① Providing comprehensive solutions to develop a circular economy and enhance added value in the market.
- Business Development Plan
  ①Emphasis on recycling, improving gross profit, and environmental protection.

(2) Important production and marketing policies:

In view of the expanding demand of the global electric vehicle market supply chain, the business expansion of battery materials, in line with the operational layout of our customers and the Company, is to stabilize the existing market and expand the recycling production line to meet the growing demand of the battery market.

III. Influenced by the external competitive environment, regulatory environment and overall business environment

The year 2023 was characterized by turbulence around the world. In addition to the Russo-Ukrainian War, adverse factors including the continuing Israel–Palestine conflict, the collapse of Silicon Valley Bank, Fitch’s downgrade, and the US bond yield exceeding 5% depressed the performance of the financial market. Mechema’s business performance is highly correlated with international cobalt and nickel prices. Our business performance declined due to a sharp fall in metal prices and the non-operating losses of more than NT$40 million from investing in Powerfund. Thankfully, with the efforts of the team, the net profit before tax turned positive this year.

In the future, as the global EV market grows at a rate of 20% to 30% every year, our battery materials business will expand thanks to the demand in the EV supply chain. In addition to stabilizing the existing market, we invest capital expenditures to expand recycling production lines at home and abroad to increase gross profit and achieve a circular economy and environmental protection. We also hope to continuously create a better vision for our shareholders.

Sincerely,

Chairman Lung-Tsai Yen

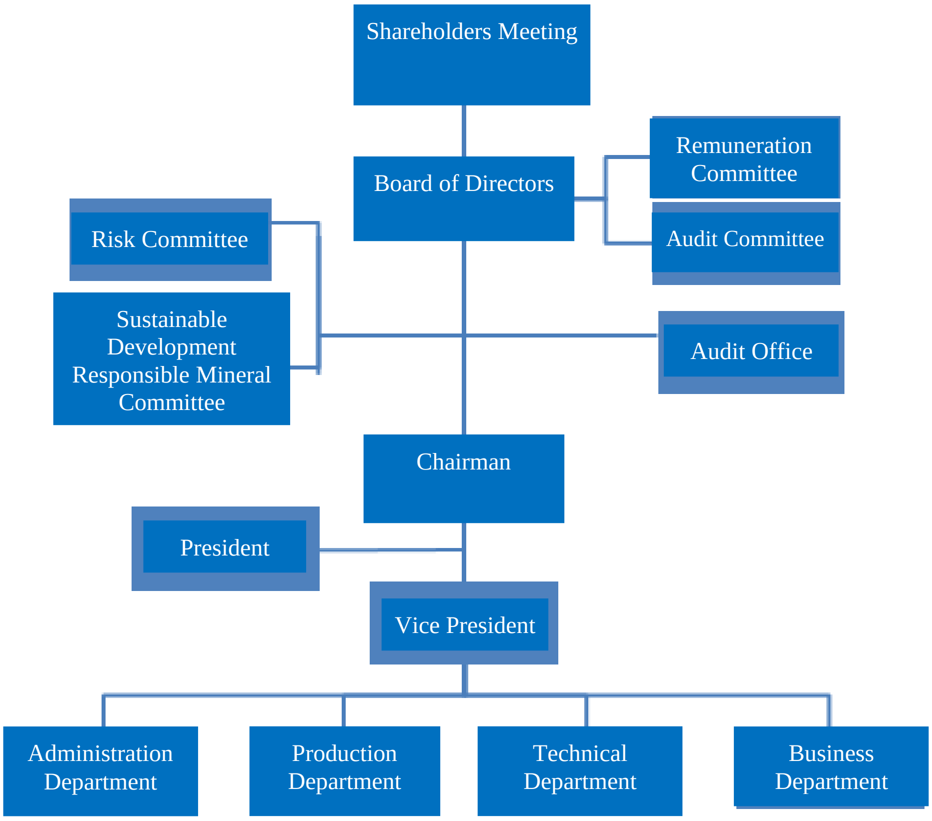
Chapter 2 Company History

1. Establishment date: June 30, 1992
2. Company History:

1992	Established on March 6, 1992, with a paid-in capital of NT$30 million
1994	Process improvements for manganese bromide to meet environmental requirements and reduce raw material costs
1995	Increased capital to NT$70 million in June
1996	Signed contract for constructing a new plant in Taoyuan in April
	Increased capital to NT$110 million in September
1997	Moved to 15, Datong 1st Road, Guan-Yin District, Taoyuan City in January to accommodate capacity expansion.
1998	Awarded the "Annual Outstanding Salesperson in Issuing Uniform Invoices" by the Taipei City Tax and Contribution Inspection Office in June.
	In October, the paid-in capital was increased to $167,222,830 by transferring surplus to capital and increasing cash capital.
	In November, the capital reserve was increased to $196,000,830 .
1999	Cobalt recovery R&D completed in April
	Investment in Indonesia and Thailand at the end of May
	In June, the company increased our paid-in capital to NT$330 million by transferring surplus to capital and increasing cash capital.
	Transferred investment to Korean subsidiary in December
2000	The research and development of cobalt salts was completed in March and formally mass production
	Capital increase from surplus to capital and from capital surplus to capital surplus in August, increasing paid-in capital to NT$390 million
2001	The stock listed on the stock exchange on March 9.
2002	Invested in China and established Mechema (Xiamen). Awarded the "Annual Outstanding Salesperson in Issuing Uniform Invoices" by the Taipei City Revenue Service Office.
	Capital increase from surplus to paid-in capital of $440 million in October
2003	Capital increase from surplus to paid-in capital of $487.5 million in June Purchased a new factory in August for the new product of lithium and cobalt battery - battery material production capacity deployment Passed ISO-9001 2000 quality assurance certification in September Issued $200 million unsecured convertible bonds in December
2004	In July, the convertible bonds were exchanged for new shares, and the paid-in capital was increased to $489,317,190 In September, the paid-in capital was increased to NT$542,517,190 by capitalization of surplus. In October, the convertible bonds were exchanged for new shares and the paid-in capital was increased to NT$545,707,550.
2005	Convertible bonds were exchanged for new shares from April to September, increasing the paid-in capital to NT$605,978,520
2006	Capital increase from surplus to paid-in capital of $619,499,090 in September Investment in the establishment of Mechema Shangyu Company
2007	In September, the paid-in capital was increased to $637,777,810 by transferring surplus to capital and convertible bonds to new shares.
2008	In January, the convertible bonds were exchanged for new shares and the paid-in capital was increased to $639,471,310 and $11,000,000, which was invested in the establishment of Mechema Malaysia Company
	Capital increase from surplus to paid-in capital of NT$675,044,870 in September
2009	In August, awarded the "Top 500 Importers and Exporters" by the Ministry of Economic Affairs.
2009	Capital increase from surplus to paid-in capital of NT$695,296,210 in September
2009	In October, the Chairman was awarded an honorary doctorate from National Taipei University of Technology.
2010	In September, the Company increased its paid-in capital to NT$723.1 million by transferring capital from surplus.
2010	The Chairman was honored as the excellent businessman of the Republic of China in December, 2010.
2011	In September, the Company increased its paid-in capital to NT$749,860,000 by transferring capital from its surplus.
2012	The company intends to establish a joint venture with Toda Kogyo Corp.
2012	On July 20, the company invested in Mechema Toda Corporation
2014	Increased capital to invest in Mechema Toda Corporation in May, NT$50 million
2016	Received the "105th Year Outstanding Salesperson in Issuing Uniform Invoices" award from the National Taxation Bureau of the Northern Area, Ministry of Finance in April

Chapter 3 Corporate Governance Report

1. Company Organization System

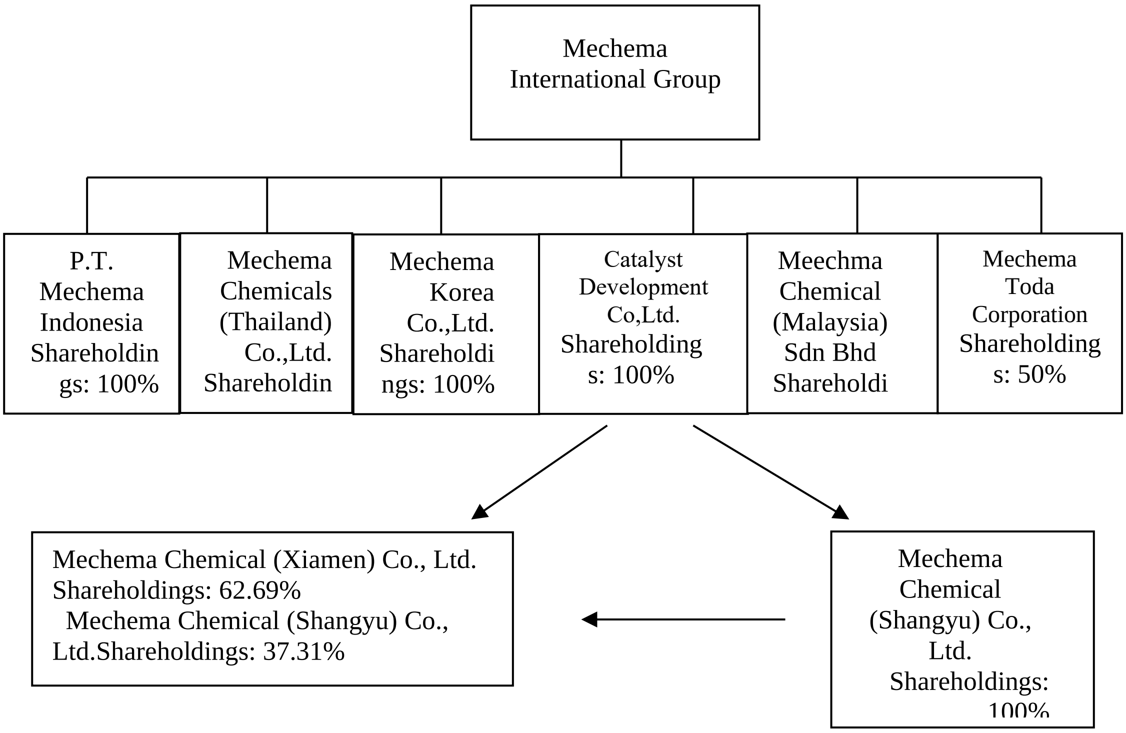


Businesses of Each Major Department

Shareholders Meeting	Other powers and functions of the shareholders' meeting shall be exercised in accordance with the Company Law or other laws and regulations.
Board of Directors	In accordance with Article 14-3 of the Securities and Exchange Act, other matters that are required by law or the Articles of Incorporation to be resolved by the shareholders' meeting or by the board of directors, or matters of great importance that are required by the competent authorities.
Remuneration Committee	The Company establishes and regularly reviews the performance evaluation standards, annual and long-term performance goals, and salary and compensation policies, systems, standards and structures for its directors and managers, and discloses the content of the performance evaluation standards in the annual report.
Audit Committee	The Audit Committee has reviewed the financial and other reports of the other directors, the external auditor and the internal auditor (Review financial statements and assess the effectiveness of the internal control system). The Audit Committee is responsible for the financial and other reporting, internal control, external and internal audit, and other financial and accounting matters as determined by the Board of Directors.
Risk Committee	To advise the Board on the Group's risk appetite, risk profile and tolerance; to monitor the risk management framework to identify and manage. It also establishes a methodology for assessing the value and impact of the Company's assets, calculates and controls large risks, and regularly reviews and formulates preventive measures.
Sustainable Development Responsible Mineral Committee	The main responsibilities are to promote the presumption and promotion of corporate governance, corporate social responsibility, and integrity management. We also review and evaluate the risk management of the company's operation.
Audit Office	Execute company internal control self-assessment + internal audit implementation.
Chairman	Corporate development strategy and management of business plans Organize the implementation of operation + various supervision and inspection
President	Responsible for controlling and coordinating the operation and management of each department, formulating and publishing important company systems, and announcing decisions
Business Department	Responsible for domestic and international sales and procurement business planning and development
Production Department	Responsible for product planning and execution
Technical Department	Set the company's annual new technology development, improvement research, product certification, patent application, and quality assurance system
Administration Department	Responsible for the management, supervision, communication and coordination of the human resources, information, general affairs, accounting and finance divisions.

2. Chart of Affiliates:

(I) Organizational Chart of Affiliates



(I) Organizational Chart of Affiliates

Investing company	Invested company	Relationships between enterprises	Shareholding ratio	Shareholding	Initial investment amount
Mechema International Group	Mechema Chemicals (Thailand) Co.,Ltd.	Subsidiary	100%	THB 31,000 thousand	64,675
	P.T. Mechema Indonesia	Subsidiary	100%	IDR 29,910,650 thousand	121,870
	Mechema Korea Co.,Ltd.	Subsidiary	100%	KRW 4,382,020 thousand	125,529
	Meechma Chemical (Malaysia) Sdn Bhd	Subsidiary	100%	RM 5,000 thousand	49,042
	Catalyst Development Co., Ltd.	Subsidiary	100%	USD 8,100 thousand	270, 419
Catalyst Development Co., Ltd.	Mechema Chemical (Xiamen) Co., Ltd.	Subsidiary	62.69%	RMB 25,925 thousand	72, 847
	Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	Subsidiary	100%	RMB 46,518 thousand	192,572
Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	Mechema Chemical (Xiamen) Co., Ltd.	Subsidiary	37.31%	RMB 25,925 thousand	36,582
Mechema International Group	Mechema Toda Corporation	Affiliate	50%	NTD 300,100 thousand	150,100

3. Information on directors, supervisors, presidents, vice presidents, associates, heads of departments, and branches

(1) Directors and Supervisors

April 22, 2024

Title	Nationality or place of incorporation	Name	Gender Age (Note 2)	Date of election (inauguration)	Tenure	Initial Elected Date (Note 3)	Shareholding When Elected		Current holdings		Spouse, minor children current holdings		Use of others' names		Major experience (academic) (Note 4)	Currently holding concurrent positions in the Company and other companies	Other officers, directors or supervisors who are spouses or within two degrees of consanguinity			Remark
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Job Title	Name	Relationships	
Director	R.O.C.	Lung-Tsai Yen (Note 1)	Male 71-80 years old	2023.06.27	3 years	1999.6.2	8,086,725	10.78%	8,086,725	10.78%	3, 618,770	4.83%	–	–	Honorary Doctorate, National Taipei University of Technology	1. Serves as the Chairman and President of the Company 2. Chairman of the Board of Directors of Mechema Toda Corporation 3. Chairman of Taipei Tech Developing Corp. 4. Director, TSM Smart Materials Co., Ltd. 5. Other company duties: Please refer to Note 1	Director / Supervisor	Wen-Zhi Yen / Kai-Yuen Yen	Father-Son	(Note 4)
Director	R.O.C.	Kuo-Kuang Yeh	Male 71-80 years old	2023.06.27	3 years	1999.6.2	386,000	0.51%	386,000	0.51%	35,000	0.046%	–	–	National Chung Hsing University, Law Department	1. To serve as a director of the Company 2. Chairman of Cheng Kee Construction Development Co,. Ltd.	None	None	None	
Director	R.O.C.	Wen-Zhi Yen (Note 2)	Male 41-50 years old	2023.06.27	3 years	2011.06.28	591,276	0.79%	591,276	0.79%	None	None	–	–	Long Island University, New York Institute of Corporate Management	1. To serve as a director of the Company 2. Director of Mechema Toda Corporation 3. Other company duties: Please refer to Note 2	Chairman of the Board / Supervisor	Lung-Tsai Yen/ Kai Yuen Yen	Father -Brother	
Independent Director	R.O.C.	Gao-Jin Wang	Male 81-90 years old	2023.06.27	3 years	2017.06.26	None	None	None	None	None	None	–	–	Master of Arts in Economics, University of North Dakota, USA	1. Act as the Company: Independent Director 2. Serving as a member of the Compensation Committee of the Company	None	None	None	

																3. Serves as an independent managing director of Union Bank Of Taiwan				
Independent Director	R.O.C.	Meng-Xiu Lee	Male 61-70 years old	2023.06.26	3 years	2017.06.26	None	None	None	None	None	None	–	–	M.S. in Accounting, National Chengchi University	1. To serve as the Company: Independent Director 2. Serving as a member of the Compensation Committee of the Company 3. Certified Public Accountant, First Elite CPAs 4. Independent Director of China Electric Co. 5. Adjunct Lecturer, Department of Finance and Law, National Chung Cheng University 6. Independent Director and Remuneration Committee, Topcc Technologies Corp.	None	None	None	
Independent Director	R.O.C.	Wei-Chun Chou	**Male 41–50 years old**	2023.6.27	3 years	2023.06.27	None	None	None	None	None	None			Bachelor of Laws, National Taipei University	1. Lee and Li, Attorneys-at-Law (attorney and patent representative) 2. Representative, Lee and Li Investment Corporation 3. Director, Da Shu Property Development Corporation 4. Director, King Faster Technology Co., Ltd. 5. Chairman of public relations, Taoyuan Bar Association 6. Director, Chinese Intellectual Property Protection Association 7. Managing supervisor,	None	None	None	

																Chinese Culture, Tourism, and Economy, and Trading Association 8. Managing supervisor, Taiwan Society of Comparative Criminal Law				

Note 1: Chairman Lung-Tsai Yen also serves as the representative of Mechema International Group Thailand, Mechema International Group Indonesia, Mechema International Group Korea, Mechema International Group Malaysia, Catalyst Development Co., Ltd. Representative., Representative of Mechema International Group (Xiamen), Representative of Shaoxing Shangyu Mechema Chemical Co,. Ltd.

Note 2: Director Wen-Zhi Yen also holds the following positions: Director of Mechema Thailand, Director of Mechema Indonesia, Director of Mechema Korea, Director of Mechema Malaysia, Director of Mechema Xiamen, and Director of Mechema Korea, Director of Shaoxing Shangyu Mechema Chemical Co., Ltd.

Note 3: There are no interruptions in service.

Note 4: Any experience relevant to the current position, such as having worked for a certified public accountant firm or a related company during the previous reporting period, should include the title of the position and the duties performed.

Note 5: The Chairman also serves as the President of the Company mainly to enhance operational efficiency and to implement policies. The Chairman has been closely communicating with the directors about the operating conditions and future plans so that the Board of Directors has a clearer understanding of the Company's operating conditions. Therefore, this is a reasonable and necessary measure. In addition, in order to implement corporate governance and strengthen the independence of the Board of Directors, training of suitable candidates for the position of President has been actively conducted. The Company's existing specific measures are as follows.

(1) In response to the fact that the chairman of the board of directors and the president of the Company are the same people, the Company has added one new independent director after the 2023 Annual General Shareholders Meeting, and more than half of the directors are not also employees or managers, which is sufficient to strengthen the independence of the board of directors.

(2) The independent directors actively participate in various meetings (shareholders' meeting, board of directors' meeting, remuneration committee, etc.) and fully participate in the discussions and put forward various proposals in the meetings to fulfill the spirit of corporate governance.

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2. If the directors and supervisors are representatives of corporate shareholders, they shall state the names of the corporate shareholders and the names of the top ten shareholders of the corporate shareholders and the major shareholders of the corporate shareholders in proportion to their shareholdings.

The major shareholders of the corporate shareholders

April 22, 2024

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)
Chi Yuan Investment Co., Ltd.	Li-Ting Yen 13%

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be filled in.

Note 2: Enter the names of the major shareholders (the top ten shareholders) and their shareholding ratios. If the major shareholder is a corporation, the following table 2 should be filled in again.

3. Education and training of directors, independent directors, Audit Committee members, and Remuneration Committee members

Continuing education of the Company's 11th Board of Directors' members and independent directors in 2023:

Title	Name	Date of Continuing Education Course	Organizer	Course Name	Continuing Education Hours
Chairman	Lung-Tsai Yen	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3
Director	Wen-Zhi Yen	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3
Director	Kuo-Kuang Yeh	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3
Independent Director	Sheng-Yuan Chen	2023/3/14	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
Independent Director	Sheng-Yuan Chen	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3
Independent Director	Meng-Xiu Lee	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3

Continuing education of the Company's 12th Board of Directors' members and independent directors in 2023:

Title	Name	Date of Continuing Education Course	Organizer	Course Name	Continuing Education Hours
Independent Director	Meng-Xiu Lee	2023/8/10	Taiwan Corporate Governance Association	New Thoughts on Integrating Strategy Development with ESG for Enterprise Risk Management (I)	3
Independent Director	Meng-Xiu Lee	2023/8/10	Taiwan Corporate Governance Association	New Thoughts on Integrating Strategy Development with ESG for Enterprise Risk Management (II)	3

Independent Director	Gao-Jin Wang	2023/12/11	Securities and Futures Institute	Legal Responsibilities and Internal Control and Internal Audit Practices for “Employee Frauds”	6
Independent Director	Wei-Chun Chou	2023/12/26 2023/12/27	Securities and Futures Institute	Practical Workshop for Directors, Supervisors, and Corporate Governance Officers	12
Chairman	Lung-Tsai Yen	2024/4/10	UBS Corporate Governance and Corporate Sustainability Management Workshop	Corporate Governance and Corporate Sustainability Management Workshop - Domestic and Foreign Tax Trends and Corporate Sustainability Management	3
Director	Wen-Zhi Yen	2024/4/10	UBS Corporate Governance and Corporate Sustainability Management Workshop	Corporate Governance and Corporate Sustainability Management Workshop - Domestic and Foreign Tax Trends and Corporate Sustainability Management	3
Independent Director	Gao-Jin Wang	2024/4/10	UBS Corporate Governance and Corporate Sustainability Management Workshop	Corporate Governance and Corporate Sustainability Management Workshop - Domestic and Foreign Tax Trends and Corporate Sustainability Management	3
Independent Director	Sheng-Yuan Chen	2024/4/10	UBS Corporate Governance and Corporate Sustainability Management Workshop	Corporate Governance and Corporate Sustainability Management Workshop - Domestic and Foreign Tax Trends and Corporate Sustainability Management	3

4. Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors:

Professionalism and independence of the Board of Directors

The Company has established the "Code of Corporate Governance." Pursuant to Article 20 of Chapter 3 "Strengthening the Functions of the Board of Directors," diversity shall be considered for the composition of the Board of Directors. Board members shall generally possess the knowledge, skills and experience necessary to perform their duties. In order to achieve the ideal goal of corporate governance, it is advisable that the Board of Directors as a whole have the following abilities:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

Diversity of the Board of Directors

Diversity is considered for the composition of the Board of Directors, and an appropriate diversity policy has been formulated with respect to its operations, business model, and development needs. The nomination and selection of the board members of the Company are in accordance with the Articles of Incorporation of the Company. In addition to assessing the academic background and work experience of candidates, the opinions of stakeholders shall be taken into account, and the "Procedures for Election of Directors" and "Code of Corporate Governance" are complied with to ensurethe diversity and independence of board members. The Company's Board of Directors currently consists of seven directors, including three directors and four independent directors. The Board of Directors is composed of experts in finance, management, and the Company's industry. Each director and independent director has his/her own expertise. Four of the directors are good at leadership, making judgments about operations, business management, crisis management, and have industrial knowledge and an international market perspective, providing a lot of guidance on the Company's various businesses.

Implementation of board diversity

Qualification / Name (Note 1)	Have more than five years of work experience and the following professional qualifications			Satisfies independence requirements (Note 2)												Number of independent directors of other public companies
	Lecturer or above from a public or private college or university in business, law, finance, accounting or related disciplines required for corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations required for the company's	Business, legal, finance, accounting, or corporate business experience	1	2	3	4	5	6	7	8	9	10	11	12	

		business														
Lung-Tsai Yen	-	-	V						V		V	V		V	V	None
Kuo-Kuang Yeh	-	-	V	V		V	V	V	V	V	V	V	V	V	V	None
Wen-Zhi Yen	-	-	V					V	V	V	V	V		V	V	None
Gao-Jin Wang	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	None
Meng-Xiu Lee	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	None
Sheng-Yuan Chen	V	-	V	V	V	V	V	V	V	V	V	V	V	V	V	None
Wei-Chun Chou	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	2

Note 1: The number of columns is adjusted as needed.

Note 2: For each director or supervisor who has met each of the following conditions two years prior to and during his or her term of office, please enter "✔" in the space below each condition code.

(1) Employees of a non-company or its affiliates.

(2) A person who is not a director or supervisor of the company or its affiliated companies (except in the case where the company and its parent company, subsidiary or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or local laws).

(3) A natural person shareholder who does not hold more than 1% of the total issued shares of the Company or the top ten shares in the name of himself/herself, his/her spouse, minor children or others.

(4) Not a president listed in (1) or a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a person listed in (2) or (3).

(5) A director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the total number of issued shares of the Company, or who holds the top five shares, or who designates a representative as a director or supervisor of the Company in accordance with Article 27(1) or (2) of the Company Act (except in the case where the Company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Act or the laws of the local country).

(6) A director, supervisor or employee of another company who is not controlled by the same person as the company's directorship or more than half of the voting shares (except in the case of a concurrent appointment of independent directors of the company or its parent company, subsidiary or subsidiary of the same parent company under the Act or local laws and regulations).

(7) A director, supervisor, or employee of another company or organization who is not the same person or spouse of the chairman, president, or equivalent of the company (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors in accordance with the Act or local laws and regulations).

(8) Directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the Company (except for a specific company or organization that holds more than 20% but not more than 50% of the total issued shares of the Company and is an independent director of the Company and its parent company, a subsidiary or a subsidiary of the same parent company set up in accordance with this Act or the laws of the local country, who serve concurrently as independent directors).

(9) Professionals, sole proprietors, partners, directors, supervisors, presidents and their spouses who do not provide auditing services for the company or its affiliates or who have received remuneration of less than NT$500,000 in the last two years, including business, legal, financial, accounting and other related services. However, members of the Compensation Committee, the Public Takeover Review Committee, or the Special Committee on Mergers and Acquisitions who perform their duties and responsibilities in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act shall be excluded.

(10) No spouse or relative within two degrees of kinship with other directors.

(11) Not having any of the circumstances described in Article 30 of the Company Act.

(12) Not elected by or on behalf of the government or a corporation as provided in Article 27 of the Company Act.

Professional qualifications of directors/independent directors are described as follows:

Director/Independent Director	Name	Academic background	Working experience
Director	Lung-Tsai Yen	Honorary Ph.D., National Taipei University of Technology	Chairman, Mechema Chemicals International Corp.

Director	Wen-Zhi Yen	Long Island University - MBA	Vice President, Mechema Chemicals International Corp.
Director	Kuo-Kuang Yeh	Department of Law, National Chung Hsing University	Zheng Ji Construction and Development Co., Ltd.: Director (representative)
Independent Director	Wang Gao-Jin	1. National Taiwan University - Department of Business Administration 2. University of North Dakota - Master in economics	1. Vice president, Bank of Taiwan 2. Chairman, Bank of Kaohsiung
			3. Independent managing director, Union Bank of Taiwan
Independent Director	Lee Meng-Xiu	Institute of Accounting of National Chengchi University - Master's	Director, Tai Jing Accounting Firm
Independent Director	Chen Sheng-Yuan	PhD of financial management, Graduate Institute of Business Administration,	1. Adjunct associate professor and lecturer, Department of Finance, National Taiwan University

		National Taiwan University	2. Associate professor, Graduate Institute of Finance, National Chiao Tung University
Independent Director	Chou Wei-Chun	Bachelor of Laws, National Taipei University	1. Attorneys-at-law, Hong Dian Law Firm and Dentons Taiwan 2. Patent attorney, Gainia Intellectual Asset Services

(2) Presidents, Vice President, Associate, Heads of Departments and Branches

1. Information of President, Vice President, and Associate

April 22, 2024

Title	Nationality	First Name	Gender	Date of election (inauguration)	Shareholding		Shares held by spouse, minor children		Use of others name to hold shares		Major experience (academic) (Note 2)	Currently holding other corporate positions	Other officers, directors or supervisors who are spouses or within two degrees of consanguinity			Remark
					Share	Shareholding	Share	Shareholding	Number	Shareholding			Title	Surname	Relationships	

					Number	Ratio	Number	Ratio	of shares	Ratio				Name		
President	R.O.C.	Lung-Tsai Yen	Male	1999.6.02	8,086,725	10.78%	3,618,770	4.83%	–	–	Honorary Doctorate, Taipei University of Technology	1. To serves as the Chairman and President of the Company 2. Chairman of Mechema Toda Corporation 3. Representative of Taipei Tech Developing Corp. 4. Other company positions: Please refer to Note 1	Vice President	Wen-Zhi Yen	Father and Son	(Note 3)
Executive Vice President	R.O.C.	Wen-Hsun Tsai	Male	2017.08.11	–	–	–	–	–	–	Drexel University, USA, MS Accounting.	1. To serve as the Executive Vice President of the Company 2. To serve as an independent director of Lanner Electronics Inc.	None	None	None	
Vice President	R.O.C.	Ming-Cheh Hsieh	Male	2009.03.01	29,361	0.039%	-	-	–	–	Department of Chemical Engineering, National Taipei Institute of Technology (Junior College)	1. To serve as a director of Mechema (Xiamen) Co., Ltd. 2. To serve as a director of Shaoxing Shangyu Mechema Chemical Co., Ltd.	None	None	None	
Vice President	R.O.C.	Wen-Zhi Yen	Male	2021.03.18	591,276	0.79%	–	–	–	–	Long Island University, New York Institute of Corporate Management	1. To serve as a director of the Company 2. Director of Mechema Toda Corporation 3. Other company duties: Please refer to Note 2	None	None	None	
Vice President	R.O.C.	,Ren-Jie He	Male	2021.03.18	–	–	–	–	–	–	National Cheng Kung University	1. To serve as the Company’s Vice President	None	None	None	

Note 1: Chairman Lung-Tsai Yen also serves as the representative of Mechema International Group Thailand, Mechema International Group Indonesia, Mechema International Group Korea, Mechema International Group Malaysia, Catalyst Development Co., Ltd. Representative., Representative of Mechema International Group(Xiamen), Representative of Shaoxing Shangyu Mechema Chemical Co,. Ltd.
Note 2: For experience related to the current position, if he/she has worked in a certified public accountant firm or a related company during the previous period, he/she should state the title of the position and the duties he/she is responsible for.
Note 3: The Chairman also serves as the President of the Company, mainly to enhance operational efficiency and implement policies. The Chairman has been closely communicating with the Directors about the Company's operations and future plans, enabling the Board of Directors to have a better understanding of the Company's operations, which is therefore reasonable and necessary. The Company's existing specific measures are as follows.
(1) In response to the fact that the Company's Chairman and President are the same person, after the 2023 shareholders' meeting, one additional independent director was added to have a total of four independent directors, and the Company also ensured that more than half of directors did not concurrently serve as employees or managers, which enhanced the independence of the Board of Directors.
(2) The independent directors actively participate in various meetings (stockholders' meeting, board of directors' meeting, compensation committee, etc.) and fully participate in the discussion of the meetings to put forward various proposals to implement the spirit of corporate governance.

2. Education and training of the Company’s Presidents

Job Title	Name	Date of Continuing Education Course	Organizer	Course Name	Continuing Education Hours
Executive Vice President	Wen-Hsun Tsai	2023.03.14	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
Executive Vice President	Wen-Hsun Tsai	2024.01.25 2024.01.26	Accounting Research and Development Foundation	Course for accounting supervisors	12
Executive Vice President Corporate Governance Officer	Wen-Hsun Tsai	20240326 20240327	Securities and Futures Institute	Course for First-time Corporate Governance Officers	12
Executive Vice President Corporate Governance Officer	Wen-Hsun Tsai	20240410	Securities and Futures Institute	Disputes over Company Management Rights and Commercial Case Adjudication Act	3
Executive Vice President Corporate Governance Officer	Wen-Hsun Tsai	20240410	Taiwan Independent Director Association	Legal Responsibilities of Directors (Independent Directors) and Practical Case Analysis	3
Audit Officer	Rui-Xiang Huang	2023.11.30	Accounting Research and Development Foundation	New ESG Law & Its Impact on Financial Statements	6
Audit Officer	Rui-Xiang Huang	2023.12.12	Accounting Research and Development Foundation	ESG Sustainability + Compilation of Financial Statements Updates on New Laws	6
Financial and Accounting Officer	Li-Kuan Lo	20240318 - 20240319 20240325 - 20240326	Accounting Research and Development Foundation	Course for accounting supervisors	30

(3) Remuneration paid to directors, supervisors, presidents, and vice presidents in the most recent year:

1. Remuneration for general and independent directors

Job Title		Name	Director Remuneration								Total amount of items A, B, C and D and their proportion to net income after tax (Note 10)		Part-time employees receive related compensation								Total amount of A, B, C, D, E, F and G and their proportion to net income after tax (Note 10)		Receipt of remuneration from businesses other than subsidiaries or parent companies (Note 11)
			Compensation(A) (Note2)		Retirement Pension(B)		Director Remuneration(C)(Note3)		Business execution expenses(D)(Note4)				Salaries, bonuses and special expenses (E) (Note 5)		Retirement pension(F)		Employee Compensation(G) (Note6)						
			The Company	All companies in the financial statements (Note7)	The Company	All companies in the financial statements (Note7)	The Company	All companies in the financial statements (Note7)	The Company	All companies in the financial statements (Note7)	The Company	All companies in the financial statements	The Company	All companies in the financial statements (Note7)	The Company	All companies in the financial statements	The Company		All companies in the financial statements (Note7)		The Company	All companies in the financial statements	
																	Cash Amount	Share Amount	Cash Amount	Share Amount			
Director	Chairman	Lung-Tsai Yen	0	0	0	0	300	344	120	120	-1.71%	-1.89%	1,181	5,326	0	0	20	0	20	0	-6.60%	-23.67%	0
	Director	Kuo-Kuang Yeh	0	0	0	0	250	250	120	120	-1.51%	-1.51%	-	-	0	0	0	0	0	0	-1.51%	-1.51%	0
	Director	Wen-Zhi Yen	0	0	0	0	250	1930	120	120	-1.51%	-8.35%	2,258	6,117	94	94	120	0	120	0	-11.58%	-34.15%	0
	Director	Yuan-Dong Hsu	0	0	0	0	200	200	60	60	-1.06%	-1.06%	-	-	0	0	0	0	0	0	-1.06%	-1.06%	0
Independent Director	Independent Director	Gao-Jin Wang	0	0	0	0	400	400	240	240	-2.61%	-2.61%	0	0	0	0	0	0	0	0	-2.61%	-2.61%	0
	Independent Director	Meng-Xiu Lee	0	0	0	0	400	400	240	240	-2.61%	-2.61%	0	0	0	0	0	0	0	0	-2.61%	-2.61%	0
	Independent Director	Sheng-Yuan Chen	0	0	0	0	400	400	240	240	-2.61%	-2.61%	0	0	0	0	0	0	0	0	-2.61%	-2.61%	0
	Independent Director	Wei-Chun Chou	0	0	0	0	-	-	120	120	-0.49%	-0.49%	0	0	0	0	0	0	0	0	-0.49%	-0.49%	0

1.Please describe the policy, system, standards and structure for the remuneration of independent directors, and the relevance to the amount of remuneration based on the responsibilities, risks and time commitment. The Company's policy and system for the remuneration of independent directors is based on the general level of the industry and the time commitment.

2. In addition to the above table, the remuneration received by the directors of the Company for services rendered in the most recent year (such as serving as consultants to non-employees of the parent company/financial reporting company/investment business, etc.): None

2.1 Scale of remuneration to directors and independent directors

Compensation Scale

<table>
<tr><td rowspan="3">Levels of remuneration payable to each of the Company's directors and independent directors</td><td colspan="4">Name of Director</td></tr>
<tr><td colspan="2">The first four total fees (A+B+C+D)</td><td colspan="2">First seven total fees (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company (Note 8)</td><td>All companies in the financial statements (Note 9) H</td><td>The Company (Note 8)</td><td>All companies in the financial statements (Note 9) I</td></tr>
<tr><td>Less than NT$1,000,000</td><td colspan="2">Lung-Tsai Yen; Kuo-Kuang Yeh; Yuan-Dong Hsu; Gao-Jin Wang; Meng-Xiu Lee; Sheng-Yuan Chen; Wei-Chun Chou</td><td colspan="2">Kuo-Kuang Yeh; Yuan-Dong Hsu; Gao-Jin Wang; Meng-Xiu Lee; Sheng-Yuan Chen; Wei-Chun Chou</td></tr>
<tr><td>NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)</td><td colspan="2">Wen-Zhi Yen</td><td colspan="2">-</td></tr>
<tr><td>NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">Lung-Tsai Yen; Wen-Zhi Yen</td></tr>
<tr><td>NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$100,000,000 or more</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>Total</td><td>8 persons in total</td><td>8 persons in total</td><td>8 persons in total</td><td>8 persons in total</td></tr>
</table>

2.2 Scale of remuneration to the President and Vice Presidents

President and Vice President Compensation Scale

Remuneration level for each president and vice president of the Company	Name of President and Vice President	
	The Company (Note 6)	All companies in the financial statements (Note 7)
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Lung-Tsai Yen	
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Wen-Zhi Yen; Ming-Cheh Hsieh; Ren-Jie He	Ming-Cheh Hsieh; Ren-Jie He
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Wen-Hsun Tsai	Wen-Hsun Tsai
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	Lung-Tsai Yen; Wen-Zhi Yen
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
NT$100,000,000 or more	-	-
Total	5 persons in total	5 persons in total

3. Remuneration for president and Vice President (aggregated to match the level of disclosure of names)

Job Title	Name	Salary(A) (Note 2)		Retirement Pension (B) (Note 1-2)		Bonus and Extraordinary expenses, etc. (C) (Note 3)		Amount of employee compensation (D)				Total amount of items A, B, C and D and percentage of net income after tax (%)		Receive remuneration from businesses other than subsidiaries
								The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	All companies in the financial statements	
President	Lung-Tsai Yen	8,581	12,456	406	406	3,170	7,647	582	0	582	0	(51.90%)	(85.93%)	0
Executive Vice President	Wen-Hsun Tsai													
Vice President	Ming-Cheh Hsieh													
Vice President	Wen-Zhi Yen													
Vice President	Ren-Jie He													

4. Remuneration for president and Vice President (separated to match the level of disclosure of names)

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonus and Extraordinary Expenses, etc. (C) (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Sum of A, B, C, and D and as a Percentage of Net Profit After Tax (%) (Note 6)		Remuneration received from invested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Lung-Tsai Yen	1,081	3,127	-	-	100	2,199	20	-	20	-	-4.89%	-21.78%	
Vice President	Wen-Zhi Yen	1,558	3,040	95	95	700	3,078	120	-	120	-	-10.08%	-25.80%	
Vice President	Wen-Hsun Tsai	2,568	2,568	108	108	1,000	1,000	200	-	200	-	-15.79%	-15.79%	
Vice President	Ming-Cheh Hsieh	1,816	2,163	108	108	620	620	112	-	112	-	-10.82%	-12.24%	
Vice President	Ren-Jie He	1,558	1,558	95	95	750	750	130	-	130	-	-10.32%	-10.32%	

5. Name of presidents and distribution of employee's remuneration

December 31, 2023 Unit: NTD thousand

	Job title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Total and percentage of net income after tax (%)
President	President	Lung-Tsai Yen	0	582	582	(2.37%)
	Executive Vice President	Wen-Hsun Tsai				
	Vice President	Ming-Cheh Hsieh				
	Vice President	Wen-Zhi Yen				
	Vice President	Ren-Jie He				

(4) An analysis of the total compensation paid to the Company's directors, supervisors, presidents and vice president as a percentage of net income after tax for the most recent two years, and a description of the policy, criteria and mix of compensation payments, the process for setting compensation, and the relevance of operating performance and future risks, for the Company and all consolidated companies, respectively:

Unit: NTD thousand

Annual / Identity	2022				2023			
	Total remuneration		Total to net income after tax (%)		Total remuneration		Total to net income after tax (%)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	4,142	16,805	1.08 %	4.4%	4,999	14,727	(20.37%)	(59.44%)
Independent Director	1,080	1,080	0.28 %	0.28%	2,040	2,040	(8.31%)	(8.31%)
President and Vice President	11,395	23,315	2.99 %	6.11%	12,738	21,090	(51.9%)	(85.93%)

3 Corporate governance operation situation

(1) Operation of the Board of Directors

The 11th Board of directors met two times in 2023, and the attendance of directors and supervisors was as follows: (Overall attendance rate: 79%)

Job Title	Name	Actual number of seats B	Attendance by proxy	Actual attendance rate (%) [B/A]	Remark
Chairman	Lung-Tsai Yen	2	0	100	-
Director	Kuo-Kuang Yeh	2	0	100	-
Director	Wen-Zhi Yen	1	1	100	On a business trip
Director	Yuan-Dong Hsu	0	0	0	On leave
Independent Director	Gao-Jin Wang	2	0	100	-
Independent Director	Meng-Xiu Lee	2	0	100	-
Independent Director	Sheng-Yuan Chen	2	0	100	-

The 12th Board of Directors convened 3 times in 2023. The attendance of directors and supervisors (as non-voting participants) is as follows: (Overall attendance rate: 95%)

Title	Name	Actual attendances (as non-voting participants) B	Attendances by proxy	Actual attendance rate (as non-voting participants) (%) [B/A]	Remarks
Chairman	Lung-Tsai Yen	3	0	100	-
Director	Kuo-Kuang Yeh	**3**	0	100	-
Director	Wen-Zhi Yen	2	1	67	On a business trip
Independent Director	Gao-Jin Wang	3	0	100	-
Independent Director	Meng-Xiu Lee	3	0	100	-
Independent Director	Sheng-Yuan Chen	3	0	100	-
Independent Director	Wei-Chun Chou	3	0	100	-

Other items to be recorded:

1. If the operation of the board of directors' meeting is one of the following, the date, period, content of the motion, and opinions of all independent directors shall be stated and the following is the Company's handling of the views of the independent directors:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: (See page 43 for details on the important resolutions of the Board of Directors)

(2) Other than the above mentioned matters, any other matters resolved by the Board of Directors with the objection or reservation of the independent directors and recorded or stated in writing.
(See page 27 for details on the significant resolutions of the Audit Committee)

2. In the case of recusal of a director from the implementation of an interest motion, the name of the director, the content of the motion, the reasons for recusal and the circumstances of participation in voting should be stated: None

Date of Board Meeting	Name of Director	Motion Content	Reasons for Interest Avoidance	Voting Participation
None	None	None	None	None

3. The listed company shall disclose the periodicity and duration, scope, manner and content of the evaluation of the self- (or peer) evaluation by the board of directors. In addition, the following table 2-2 shall be completed. (detailed in the table below).

(1) The implementation of the Board of Directors' evaluation and the evaluation of the performance of the Board of Directors and

the results of the directors' self-evaluation and the evaluation of the performance of the functional committees for the year 2023:

Result:

Serial Number	Evaluation Method	Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Content	Evaluation Results	Remark
1	Self-evaluation by the Board of Directors	Performed once a year	January 1, 2023 to December 31, 2023	Overall Board of Directors	The overall evaluation of the Board of Directors includes the following five major aspects: 1. Involvement in the Company's operations 2. Board's quality of decision-making 3. Composition and structure of the board of directors 4. Selection and Continuing Education of Directors 5. Internal Control	Board of Directors' performance evaluation result: average score of 4 or more, self-evaluation result of "Excellent"	
2	Self-assessment by individual directors	Performed once a year	January 1, 2023 to December 31, 2023	Individual Directors Chairman Lung-Tsai Yen Director Yeh Kuo-Kuang Director Wen-Zhi Yen Director Hsu Yuan-Dong Independent Director Wang Gao-Jin Independent Director Lee Meng-Xiu Independent Director Chen Sheng-Yuan Independent Director Chou Wei-Chun	The self-evaluation of the performance of the board members includes the following six aspects: 1. Mastery of the company's objectives and tasks 2. Directors' awareness of their duties and responsibilities 3. Involvement in the Company's operation 4. Internal relationship management and communication Directors' 5. Professionalism and continuing training 6. Internal control	Performance evaluation results of board members: average score of 4 or above, self-evaluation result of "excellent" and recommendation	
3	Functional Committee Self-Assessment	Performed once a year	January 1, 2023 to December 31, 2023	Functional Committee: Independent Director Wang Gao-Jin Independent Director Lee Meng-Xiu Independent Director Chen Sheng-Yuan Independent Director Chou Wei-Chun	The following six aspects are included in the self-assessment of functional members: 1. Involvement in the company's operation 2. Awareness of functional committee members' responsibilities 3. Enhancement of the quality of functional committee decision making 4. Composition of functional committee members and selection of members 5. Internal control	Board members' self-performance evaluation result: 4 points or higher. The self-evaluation result was "Excellent," and suggestions were given	

4. The Company has established an audit committee to enhance the transparency of information and to evaluate the performance of the Board of Directors. In accordance with the "Regulations Governing the Meetings of the Board of Directors of Public Companies", the Company has established the "Regulations Governing the Meetings of the Board of Directors of Public Companies" to be followed, which meets at least once a quarter and is responsible for the proper presentation of the Company's financial statements, the selection, independence and performance of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks. In order to encourage directors to pursue further education, the Company arranges for directors to attend external courses every year, which not only meets the requirements for the number of hours of study for directors, but also achieves better interactive benefits.

(2) Status of the Audit Committee:

Audit Committee Status

(1) First term of office: June 30, 2020, to June 29, 2023.

(2) The Audit Committee convened two times (A) in the most recent year. The qualifications and attendance of the Audit Committee members are as follows: (Overall attendance rate: 100%)

Job Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) [B/A]	Remark
Convener	Meng-Xiu Lee	2	0	100	-
Members	Gao-Jin Wang	2	0	100	-
Members	Sheng-Yuan Chen	2	0	100	-

(3) The term of office of the members of the 2nd Audit Committee: June 27, 2023 to June 26, 2026.

(4) The Audit Committee convened two times (A) in the most recent year. The qualifications and attendance of the Audit Committee members are as follows: (Overall attendance rate: 100%)

Job Title	Name	Actual attendances (as non-voting participants) B	Attendances by proxy	Actual attendance rate (as non-voting participants) (%) [B/A]	Remarks
Convener	Meng-Xiu Lee	2	0	100	–
Member	Gao-Jin Wang	2	0	100	–
Member	Sheng-Yuan Chen	2	0	100	–
Member	Wei-Chun Chou	2	0	100	

Other items to be recorded:

1. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or major recommendations of the independent directors, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act: Details of the operation of the Audit Committee

(2) Except for the foregoing, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None

2. In the event of recusal of an independent director from the implementation of an interest motion, the name of the independent director, the content of the motion, the reasons for recusal and the circumstances of participation in voting should be stated: None

3. Communication between the independent directors, internal auditors and accountants (including the major issues, methods and results of communication regarding the Company's financial and business conditions).

(3) Communication between the independent director and the supervisor of internal audit

Date	Communication	Resolution Result
2023.3.22	Internal Audit Report: For the fourth quarter of 2022, the internal audit situation and reporting operations are described, and the audit items include: financing cycle + investment cycle + R&D cycle + supervision and management of subsidiaries + review of unrelated party transactions + tracking report + management of the financial statement preparation process + management of the operation of the Remuneration Committee + procedures for making accounting and professional judgments and the process for changing accounting policies and estimates	All Audit Committee members present had no further comments to submit to the Board of Directors
2023.5.11	Internal Audit Report: For the first quarter of 2023, the internal audit situation and reporting operations are described, and the audit items include: investment cycle + personnel salary cycle + financing cycle	All Audit Committee members present had no further comments to submit to the Board of Directors
2023.8.4	Internal Audit Report: For the second quarter of 2023, the internal audit situation and reporting operations are described, and the audit items include: computer cycle + financing cycle + sales cycle + investment cycle + purchasing cycle + property, plant and equipment cycle	All Audit Committee members present had no further comments to submit to the Board of Directors
2023.11.3	Internal Audit Report: For the third quarter of 2023, the internal audit situation and reporting operations are described, and the audit items include: computer cycle + financing cycle + sales cycle + investment cycle + personal data protection management + purchasing cycle + tracking report	All Audit Committee members present had no further comments to submit to the Chairman
2024.3.13	Internal audit activities: A description of the 2023 Q4 internal audit and declaration. The audit items include: financing cycle + investment cycle + sales cycle + production cycle + supervision and management of subsidiaries + review of related party transactions + management of the financial statement preparation process + procedures for making accounting and professional judgments and the process for changing accounting policies and estimates + management of the operation of the Remuneration Committee	All Audit Committee members present had no further comments to submit to the Board of Directors
2024.5.3	Internal Audit Report: For the first quarter of 2024, the internal audit situation and reporting operations Independent Director Chou: May I ask the follow-up development of the last information security incident?	All Audit Committee members present had no further comments to submit to the Board of Directors

	Wen-Hsun Tsai replied: On March 21, OTC came to the Company for an audit and issued a proposal. We have made a reply and tracked the improvements made.	

(4) **Communication between the independent director and accountants.**

Term-Time Date	Communication	Communication Results
2nd Committee – 1st meeting 2023.8.9	Matters to be discussed	Chairperson Lee asked: How is the income tax estimated by the CPA? CPA Chiu replied: Mainly based on the recognized “undistributed earnings” and “unrealized losses.”
2nd Committee – 2nd meeting 2023.11.3	Report on the progress of the compilation of financial statements	Independent Director Chen asked: What is the reason for the higher gross profit margin this quarter? Wen-Hsun Tsai replied: This is because lower metal prices and the benefits of metal recycling. Chairperson Lee asked: Is there any discrepancy between the Company’s stated figures and the audited figures? CPA Chiu replied: There is a discrepancy between the recognized “estimated income tax” and the recognized “unrealized losses.”
2nd Committee – 3rd meeting 2024.3.13	The Company's 2023 business report, individual financial statements, and consolidated financial statements.	Independent Director Lee: Where did the income tax expense in 2023 come from? Wen-Hsun Tsai replied: It came mainly from the unrealized tax loss with respect to our invested companies and Powerfund. Independent Director Chou: May we have a CPA give further explanation on that, please? CPA Shih replied: Evidence recognized by the tax authorities is required for the above loss to be used for tax credits. Currently, no positive evidence can be found.

(5) Important resolutions of the most recent annual and audit committee.

Term-Time Date	Important Resolutions	Opinions of the Independent Directors and the Company's Handling of the Opinions of the Independent Directors	Audit Committee Resolution Results
1st - 11th 2023.3.22	Self-Prepared Financial Progress Report	Chairman Lee asked: Does the financial report prepare itself with the assistance of an accountant? Wen-Hsun Tsai replied: We will use the merger software to complete the progress, and we will ask the accountant to provide assistance if we have any questions. Member Chen asked: Has the merger software been implemented? Wen-Hsun Tsai replied: The merger software has been purchased and is being gradually implemented.	The motion was passed with no objection after the Chairman consulted all members present.

1st - 11th 2023.3.22	Greenhouse gas inventory and verification schedule report	Chairman Lee asked: Will the inventory and confirmation of the subsidiaries be completed on schedule? Wen-Hsun Tsai replied: The subsidiary will be completed on schedule as planned. Member Chen asked: How to assist the subsidiaries? Wen-Hsun Tsai replied: The head office will format the required information and provide it to the subsidiaries to fill in.	The motion was passed with no objection after the Chairman consulted all members present.
1st - 11th 2023.3.22	Approved the 2022 annual report of operations, individual financial statements and consolidated financial statements	None	The motion was passed with no objection after the Chairman consulted all members present.
1st - 11th 2023.3.22	Approved the "Statement of Internal Control System" for the year 2022	None	The motion was passed with no objection after the Chairman consulted all members present.
1st - 11th 2023.3.22	Approved the distribution of the Company's 2022 annual earnings	None	The motion was passed with no objection after the Chairman consulted all members present.
1st - 11th 2023.3.22	Approved the 2022 annual "Modern Slavery Policy and Statement	None	The motion was passed with no objection after the Chairman consulted all members present.
1st - 12th 2023.5.11	Consolidated Financial Statements for the First Quarter of 2023	Independent Director Wang asked: What is the latest status of PowerFund? Wen-Hsun Tsai replied: Today (5/11) morning, we received a reply from the liquidators that they have received the "Certificate of Indebtedness" issued by the company on 2023.04.24, and will continue to track the subsequent development. Independent director Chen asked: the reason for the loss of this quarter? Wen-Hsun Tsai replied: Mainly due to the decline in metal prices and loss from reinvestment. Chairman Lee asked: We have been asked the reason of loss for this quarter. Tsai Wen-Hsun replied: Yes, the loss of inventory decline caused the gross margin to be revised downward.	The motion was passed with no objection after the Chairman consulted all members present.
1st - 12th 2023.5.11	Evaluation of the Independence and Competence of the Company's Certified Public Accountants		The motion was passed with no objection after the Chairman consulted all members present.
1st - 12th 2023.5.11	Proposed Establishment of General Principles for the Company's Pre-Approved Non-Confirmation Service Policy		The motion was passed with no objection after the Chairman consulted all members present.
1st - 12th 2023.5.11	Appointment and Removal of Corporate Governance Executives		The motion was passed with no objection after the Chairman consulted all members present.
12th – 1st 2023.6.27	Election of the Chairman	-	Passed through voting by directors present
12th – 2nd 2023.8.9	Approval of the appointment of the 5th Remuneration Committee’s members	-	Passed through voting by directors present

12th – 2nd 2023.8.9	The Company's Consolidated Financial Statements for Q2 2023	-	Passed through voting by directors present
12th – 2nd 2023.8.9	Establishment of the "Regulations Governing the Appointment of Consultants"	-	Passed through voting by directors present
12th – 3th 2023.11.3	Important financial and business matters. Internal audit activities. Report on the progress of the compilation of financial statements Greenhouse gas inventory and verification schedule report Integrity management report Sustainable management report Information security report	-	Passed through voting by directors present
12th – 3th 2023.11.3	The Company's Consolidated Financial Statements for Q3 2023	-	Passed through voting by directors present
12th – 3th 2023.11.3	Proposal to renew financing facilities with financial institutions	-	Passed through voting by directors present
12th – 3th 2023.11.3	The Company's manager bonus distribution principles in 2023	-	Passed through voting by directors present
12th – 3th 2023.11.3	Proposal to adjust the salary of managers in 2024	-	Passed through voting by directors present
12th – 3th 2023.11.3	Remuneration Committee's work plan in 2024	-	Passed through voting by directors present
12th – 3th 2023.11.3	The Company's internal audit plan in 2024	-	Passed through voting by directors present
12th – 3th 2023.11.3	Loaning of funds to Subsidiary Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	-	Passed through voting by directors present
12th – 3th 2023.11.3	Loaning of funds to Subsidiary Mechema Chemical (Xiamen) Co., Ltd.	-	Passed through voting by directors present
12th – 3th 2023.11.3	Loaning of funds to Subsidiary Meechma Chemical (Malaysia) Sdn Bhd	-	Passed through voting by directors present
12th – 3th 2023.11.3	Signing of a group supply contract with Dead Sea Bromine Company Ltd.	-	Passed through voting by directors present

12th – 3th 2023.11.3	Appointment of Former Supervisor Mr. Chen Sung-Wen as the Company's consultant	-	Passed through voting by directors present
12th – 3th 2023.11.3	Appointment of the Company's new information security officer	-	Passed through voting by directors present
2nd – 3rd 2024.3.13	Greenhouse gas inventory and verification schedule report.	Independent Director Chen: As a reminder, this year's Sustainability Report must be submitted to the Board of Directors Wen-Hsun Tsai replied: In previous years, the Company had uploaded the Sustainability Report before the end of June. We expect to submit the Sustainability Report to the board meeting in May.	
2nd – 3rd 2024.3.13	Information security report	Independent Director Wang: Does the government have a dedicated unit to deal with similar information security incidents? Wen-Hsun Tsai replied: The government's dedicated units for information security incidents include the 9th Investigation Corps of the Criminal Investigation Bureau, local police stations, and the National Police Agency of the Ministry of the Interior. In addition, the "Taiwan Computer Emergency Response Team/Coordination Center" is a membership organization where the Company has been a member. The organization exchanges relevant information with its members.	
2nd – 3rd 2024.3.13	The 2023 business report, individual financial statements, and consolidated financial statements	Independent Director Chen: What is the progress on the matter related to Powerfund? Wen-Hsun Tsai replied: Currently, the receiver is conducting an inventory and confirmation of relevant assets, and it is expected to take a long time. Independent Director Lee: Where did the income tax expense in 2023 come from? Wen-Hsun Tsai replied: It came mainly from the unrealized tax loss with respect to our invested companies and Powerfund.	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 3rd 2024.3.13	Approval of the 2023 "Statement of Internal Control System"	-	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 3rd 2024.3.13	The Company's 2023 loss appropriation proposal.	-	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 3rd 2024.3.13	Distribution of cash dividends from legal reserve	-	The motion was passed with no objection after the Chairman consulted all members present.

2nd – 3rd 2024.3.13	2023 "Modern Slavery Policy and Statement"	-	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 3rd 2024.3.13	The Company's "Organizational Rules of the Audit Committee"	-	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 3rd 2024.3.13	Change of the Company's accounting officer and financial officer	-	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 4th 2024.5.3	Internal audit activities.	Independent Director Chou asked: What was the follow-up on the last information security incident? Wen-HsunTsai replied: On March 21, OTC came to the Company for an audit and issued a proposal. We have made a reply and tracked the improvements made .	
2nd – 4th 2024.5.3	Greenhouse gas inventory and verification schedule report	Chairperson Lee asked: Do subsidiaries know how to proceed? Wen-Hsun Tsai replied: It is still in the stage of data collection and compilation. When the parent company completes the training, guidance will be provided for the subsidiaries.	
2nd – 4th 2024.5.3	Change of CPAs due to Deloitte Taiwan’s internal adjustment		The motion was passed with no objection after the Chairman consulted all members present.
2nd – 4th 2024.5.3	The Company's Consolidated Financial Statements for Q1 2024	Chairperson Lee and Independent Director Chen asked: Why did the revenue decrease and the marketing expense increase? Wen-Hsun Tsai replied: The decrease in revenue was mainly due to the fact that metal prices remained in a downward trend in the current period. However, to meet customer needs, we had to increase the marketing expense.	The motion was passed with no objection after the Chairman consulted all members present.
2nd – 4th 2024.5.3	Evaluation of the independence and competence of CPAs		CPAs recused themselves from the discussion; the motion was passed as proposed by unanimous consent obtained by the chairperson asking if all present directors had any objection.
2nd – 4th 2024.5.3	Amendment to the Company's "Procedures for Handling Material Internal Information"	Independent Director Chen asked: Where did the quantitative evaluation items come from? Wen-Hsun Tsai replied: The quantitative evaluation items came from the competent authority's recommendations, but the quantitative standards are based on the self-evaluation of each company.	The motion was passed with no objection after the Chairman consulted all members present.

2nd – 4th 2024.5.3	Change of the Company's corporate governance officer		Manager Lo recused herself from the discussion; the motion was passed as proposed by unanimous consent obtained by the chairperson asking if all present directors had any objection.

(3) The operation of corporate governance and the differences between it and the code of practice on governance of listed companies and the reasons therefor

Evaluation Items	Operating conditions (Note 1)			Differences from the Code of Corporate Governance Practices of listed companies and the reasons for such differences
	Yes	No	Abstract Description	
1. Has the Company formulated and disclosed the Code of Corporate Governance Practices in accordance with the Code of Corporate Governance Practices for listed companies?	V		The Company has established a code of corporate governance, but the Company operates in accordance with the relevant provisions of the "Code of Corporate Governance Practices for Listed Companies".	No significant differences
2. Shareholding structure and shareholders' equity of the Company (1) Has the Company established internal operating procedures to handle shareholders' proposals, questions, disputes, litigation matters, and implemented them in accordance with the procedures? (2) Does the Company have a list of the major shareholders and ultimate controllers of the major shareholders who effectively control the Company? (3) Has the company established and implemented a risk control and firewall mechanism with its affiliated companies? (4) Does the company have internal regulations that prohibit insiders from trading marketable securities using unpublished information in the market?	V V V V		(1) The Company has established a spokesperson system and a person to handle shareholders' suggestions or disputes. (2) The Company maintains a list of major shareholders and ultimate controllers of substantial shareholders who effectively control the Company and places it on the website. (3) We have established and implemented a risk control and firewall mechanism with our affiliated companies to ensure that all rights and responsibilities are clearer and more transparent, and we will follow the implementation of these rules. (4) The company's internal regulations are set and implemented in accordance with the FSC.	No significant differences No significant differences No significant differences No significant differences
3. Composition and duties of the Board of Directors (1) Has the Board of Directors formulated a diversity policy on the composition of the Board and implemented it? (2) Does the Company voluntarily set up various functional committees other than the Compensation Committee and Audit Committee in accordance with the law? (3) Has the Company established a method for evaluating the performance of the Board of Directors and its evaluation method, conducts performance evaluation annually and periodically, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary compensation and nomination for reappointment? (4) Does the Company regularly assess the independence of the CPAs?	V V V V		(1) The members of the Board of Directors are elected by the shareholders through statutory procedures and the nomination of one additional independent director was approved by the Board of Directors on March 13, 2024 (total of four independent directors). (2) The Company has established a Compensation Committee in accordance with the law and operates in accordance with the organizational procedures of the Compensation Committee. Board of Directors approved the establishment of the Audit Committee on March 27, 2020. The Board of Directors approved the establishment of the Risk Committee on November 6, 2020. (3) The Company has elected 3 directors and 4 independent directors to perform their duties. Their performance was evaluated in accordance with the Rules. (4) The Company evaluates the independence and suitability of the CPAs at least once a year, focusing on the size and reputation of the accounting firm, the nature and extent of non-audit services provided, the audit fee, the availability of regular training, and the interaction with management and the internal auditors. Later, submit the results to the Board of Directors for consideration and approval. The Company has evaluated that both accountants meet the Company's independence evaluation standards and are qualified to serve as the Company's certified public accountants. The results of the two most recent evaluations were completed on May 3, 2024 (Note3) and May 11, 2023, respectively.	No significant differences No significant differences No significant differences No significant differences
4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?	V		The responsible unit for corporate governance is the Audit Committee and the Administration Department is responsible for corporate governance-related matters in accordance with the law.	No significant differences

Evaluation Items	Operating conditions (Note 1)			Differences from the Code of Corporate Governance Practices of listed companies and the reasons for such differences
	Yes	No	Abstract Description	
5, Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a stakeholder area on the Company's website, and responded appropriately to important CSR issues of concern to stakeholders?	V		We have set up a stakeholder area and an investor area on our website, and we regularly compile sustainability reports.	No significant differences
6. Does the company appoint a professional shareholding agent to conduct the shareholders' meeting?		V	The share representative appointed Horizon Securities Co., Ltd.	No significant differences
7. Information Disclosure (I) Does the company have a website to disclose financial operations and corporate governance information? (2) Whether the company has adopted other means of information disclosure (such as setting up an English website, designating a person responsible for the collection and disclosure of company information, implementing a spokesperson system, placing the company's website during the corporate presentation, etc.) (3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarterly financial reports and monthly operations well in advance of the required deadline?	V V V		(1) The Company has set up a website and disclosed information related to financial operations and corporate governance (2) The Company has designated a person responsible for the collection and disclosure of corporate information and has implemented a spokesperson system in accordance with the regulations. (3) The Company announces and reports its annual financial statements within two months after the end of the fiscal year. The Company also announces and reports its financial statements for the first, second and third quarters and its operations for each month well in advance of the prescribed deadline.	No significant differences No significant differences No significant differences
8. Is there any other important information that can help readers understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor education, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)?	V		Disclosure of important corporate governance information on the Company's website, annual reports, sustainability reports, and the Public Information Observation Post System	No significant differences
9. Please describe the improvements that have been made to the results of the corporate governance assessment released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance those that have not yet been improved. (Not required for companies not included in the evaluation)	V		The Company has cooperated with the competent authority for the corporate governance self-assessment report. The competent authority has notified the results of the evaluation of the corporate governance self-assessment report.	No significant differences

(4) Operation of the Compensation Committee.

1.Compensation Committee Member Information

Identity (Note 1)	Qualification / Name	Professional Qualifications and Experience			Independence (Note 2)										Number of members of other public companies' compensation committees	Remark
		Lecturer or above in business, law, finance, accounting or related materials required for company business in public or private college or university	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed national examinations required for the company's business	Experience in business, legal, finance, accounting, or corporate business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Gao-Jin Wang			v	v	v	v	v	v	v	v	v	v	v	None	
Independent Director	Meng-Xiu Lee	v	v	v	v	v	v	v	v	v	v	v	v	v	1	
Independent Director	Sheng-Yuan Chen	v		v	v	v	v	v	v	v	v	v	v	v	1	

Professional qualifications.

1. Convenor Gao-Jin Wang: Graduated from North Dakota State University, USA - Master of Economics, with the ability to expand overseas markets and banking business, former Vice President of Bank of Taiwan and Chairman of Kaohsiung Bank.
2. Meng-Xiu Lee, Director of First Elite CPAs, is also a part-time lecturer at the Department of Finance and Law of National Chung Cheng University.
3. Sheng-Yuan Chen: Ph.D. in Financial Management, Graduate School of Business, National Taiwan University, currently a professor in the College of Finance and Economics, National Taipei University of Commerce.

2. Information on the operation of the Compensation Committee

The Compensation Committee consists of three members who meet at least twice a year. The Compensation Committee evaluates and determines the compensation of directors and managers.

(1) Salary and Compensation Committee Members and Qualifications

Title	First Name	Academic Qualifications
Convener	Gao-Jin Wang	Master of Arts in Economics, North Dakota State University, USA
Members	Meng-Xiu Lee	M.S. in Accounting, National Chengchi University
Members	Sheng-Yuan Chen	Ph.D., Financial Management Group, Graduate School of Business, National Taiwan University

(2) The term of office of the 4th Committee’s members: August 10, 2020 to June 29, 2023. The Committee convened 1 time in 2023.

Job Title	Name	1. Actual attendance (B)	2. Number of Attendance by Proxy	3. Actual attendance rate (%) (B/A)	Remark
Convener	Gao-Jin Wang	1	0	100%	
Members	Meng-Xiu Lee	1	0	100%	
Members	Sheng-Yuan Chen	1	0	100%	

Other items to be recorded:

1. If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Compensation Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons for the difference): None.
2. If a member of the Compensation Committee has objections or reservations and the matter is recorded or stated in writing, the date and period of the Compensation Committee, the content of the motion, the opinions of all members and the treatment of the opinions of the members shall be stated: None.

(3) The term of office of the 5th Committee’s members: August 9, 2023 to June 26, 2026. The Committee convened 1 time in 2023.

Job Title	Name	4. Actual attendance (B)	5. Number of Attendance by Proxy	6. Actual attendance rate (%) (B/A)	Remark
Convener	Gao-Jin Wang	1	0	100%	
Members	Meng-Xiu Lee	1	0	100%	
Members	Sheng-Yuan Chen	1	0	100%	

Other items to be recorded:

3. If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Compensation Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons for the difference): None.
4. If a member of the Compensation Committee has objections or reservations and the matter is recorded or stated in writing, the date and period of the Compensation Committee, the content of the motion, the opinions of all members and the treatment of the opinions of the members shall be stated: None.

(4) Significant resolutions of the Compensation Committee

Compensation Committee	Motion Content	Resolution Result	The Company's handling of the Compensation Committee's opinion
4th - 5th 2023.3.22	Approved the 2022 annual remuneration package for directors and employees by the Compensation Committee of the Company	The committee agreed to approve	The Chairman consulted all members present and passed the motion without objection.
5th-1st 2023.11.3	Approval of the Company’s manager bonus distribution principles in 2023	Passed by all committee members	Passed as proposed by unanimous consent obtained by the chairperson asking if all present directors had any objection.
5th-1st 2023.11.3	Approval of the proposal to adjust the salary of managers in 2024	Passed by all committee members	Passed as proposed by unanimous consent obtained by the chairperson asking if all present directors had any objection.
5th-1st 2023.11.3	Approval of the establishment of the Remuneration Committee’s work plan in 2024	Passed by all committee members	Passed as proposed by unanimous consent obtained by the chairperson asking if all present directors had any objection.

4th – 5th 2024.3.13	Approval of directors' and employees' remuneration for 2023 reviewed by the Company's Remuneration Committee	Passed by all committee members	Passed as proposed by unanimous consent obtained by the chairperson asking if all present directors had any objection.

(5) The dividend policy specified in the Articles of Incorporation is as follows:

For a comparison of the amount of director remuneration and employee remuneration proposed by the Board of Directors for distribution between 2023 and 2022, the difference percentage between the two periods was (79%) for employee remuneration and (83%) for director remuneration. Both the director remuneration and employee remuneration will be distributed in cash.

Distribution items	2023	2024	Difference amount between the two periods	Difference percentage between the two periods
Employees' remuneration	1,250,000	5,896,000	(4,646,000)	(79%)
Directors' remuneration	365,000	2,200,000	(1,835,000)	(83%)

3. Information on the operation of the Risk Management Committee.

(1) In order to ensure the integrity of the stable operation, sustainable development and risk management system of the Company, which serves as the basis for various risk management and execution, the establishment of the Risk Management Committee was completed on November 6, 2020. The risk management committee is chaired by the chairman of the board of directors and controls the risks that may arise to a tolerable extent to achieve the goal of rationalizing risk and reward. The report of its operation to the Board of Directors at least once a year is as follows.

Date	Communication	Communication Results
2023.5.11	Countermeasures for exchange rate and interest rate risks	None

(2) Risk Management Committee members and qualifications

Job Title	Name	Education
Convener	Lung-Tsai Yen	Honorary Doctorate, National Taipei University of Technology
Member	Wen-Hsun Tsai	Drexel University, USA, MS Accounting.
Member	Ming-Cheh Hsieh	Taipei Institute of Technology, Taipei Institute of Technology, Department of Chemical Engineering (Junior College)
Member	Wen-Zhi Yen	Institute of Business Management, Long Island University, New York
Member	Ren-Jie He	National Cheng Kung University
Member	Jian-Zhi Chen	Department of Chemical Engineering, Tatung University

(3) Risk Management Policy

The Company has established a "Risk Management Code of Practice", which was approved by the Board of Directors in 2022, as the Company's highest guiding principle for risk management. The Company evaluates risks on a regular basis each year and formulates risk management policies for each risk, covering mechanisms such as management objectives, organizational structure, attribution of authority and responsibility, risk management procedures, and implements them in order to effectively identify, measure, and control the Company's various risks and keep the risks arising from business activities within acceptable limits. The Company reports its operations to the Board of Directors at least once a year.

(4) Risk management scope

The Company is committed to integrate and manage all potential risks that may affect operations and profits in a proactive and cost-effective manner, such as operational finance and hazards, through the establishment of an enterprise risk management program, with the aim of providing appropriate risk management to all stakeholders in order to risk-bio materialize. We evaluate the frequency of risk occurrence and the severity of impact on the company's operation, define the priority of risk and risk level, and adopt corresponding risk management strategies according to the risk level. The Company's risk management includes management of "strategic risk", "operational risk", "financial risk", "hazard risk", and "risk of climate change and non-compliance with environmental and climate related regulations and other international regulatory agreements".

(5) Risk management operations

The Company has been actively promoting the implementation of risk management mechanism since 2020, and the main operations are as follows.

- 2020 promulgation of the Company's Risk Management Policy.
- Strengthen the implementation of risk management mechanisms and unit supervision in line with globalization policies.
- The operational risk has been included in the mandatory course for new recruits, and each person trained on the day of arrival for about 4 hours a day to strengthen the Awareness and recognition of the company's risk culture.

- Foreign employees are trained in Chinese to enhance their communication skills, and local language labels are posted at the operations.
- Risk Management Committee reports meeting to independent directors

(5) Implementation of the promotion of sustainable development and differences from the Code of Practice on Sustainable Development of listed companies and the reasons for them:

Evaluation Items	Operating conditions (Note 1)			Whether the Code of Practice differs from that of listed companies and the reasons for the difference
	Yes	No	Abstract Description	
1. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is supervised by the board of directors?	V		1. There is a Sustainable Development and Responsible Minerals Committee, which is supervised by the Board of Directors. 2. Specify the implementation of the Company's organizations: Please refer to “Information on the operation of the Sustainable Development and Responsible Minerals Committee” in this annual report. 3. The Administration Department is in charge of the implementation of corporate governance	No significant differences.
2. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?	V		The Company has been certified to the "ISO 9001" quality management system, "ISO14001:2015" environmental management system, and ISO 14067-1 carbon footprint verification. Certification to the ISO 14064-1:2018 greenhouse gas inventory, IATF 16949:2016 automotive quality system standard, and "ISO 45001:2018" occupational safety and health management system is still in progress. We expect to receive the certifications in the future.	No significant differences.
3. Environmental Issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics? (2) Is the company committed to improving energy efficiency and using recycled materials that have a low impact on the environment? (3) Has the company assessed the potential risks and opportunities of climate change on the enterprise now and in the future, and taken relevant measures in response? (4) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	V V V V		(1) Review the Sustainability Report, environmental expenditure and environmental management reports. (2) The specific practices are detailed in this report on environmental expenses. (3) Climate change is detailed in this report on environmental expenses. (4) Check the Sustainability Report and see this report for details on environmental expenses.	No significant differences
4. Social Issues (1) Has the company established relevant management policies and procedures in accordance with relevant laws, regulations and international human rights conventions?	V		(1) Management policies and procedures are established in accordance with relevant laws and regulations, with no violation of international human rights conventions and regulations.	No significant differences
(2) Has the company established and implemented reasonable employee benefit measures (including salary, vacation and other benefits, etc.) and appropriately reflected operational performance or results in employee compensation?			(2) Employee benefit measures are established and implemented in accordance with relevant laws, regulations, and operating performance. Results are appropriately reflected in employee compensation.	No significant differences
(3) Does the company provide a safe and healthy working environment for employees and implement regular safety and health education for employees?			(3) The Company establishes work rules in accordance with labor laws and regulations to protect the legal rights and interests of employees, so as to conduct annual health examinations and labor safety training and drills for employees.	No significant differences
(4) Has the company established an effective career development program for employees?			(4) Read the Sustainability Report on employee development.	No significant differences
(5) For products and services of customer health and safety,			(5) We maintain good communication channels	No significant

Evaluation Items	Operating conditions (Note 1)			Whether the Code of Practice differs from that of listed companies and the reasons for the difference
	Yes	No	Abstract Description	
customer Does the company follow the relevant laws and regulations and international standards on privacy, marketing and labeling, and has a policy and complaint procedure to protect the rights of consumers or customers? Describe the regulatory and international standards that govern each matter, and describe the name, content, and complaint procedures of the consumer or customer protection policy.			with our customers and provide effective customer complaint handling for our products and services, and have established the "Customer Complaint Management Regulations" and "Customer Service Management Regulations" to resolve and handle customer complaints as soon as possible. For more details, please refer to the Sustainability Report, Environmental Expenses and Environmental Management Reports. (Read the Sustainability Report and the Environmental Expense Report for details.)	differences
(6) Does the company have a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety, health or labor human rights, and the status of implementation?			Only suppliers that meet the relevant environmental regulations for sustainable production and establish supplier management practices. (For details, please read the Sustainability Report and the Environmental Expenses for details.)	No significant differences
5. Does the company make reference to internationally accepted standards or guidelines for the preparation of reports, such as perpetual reports, that disclose non-financial information about the company? Has the report been verified or guaranteed by a third party?	V		The 2023 Sustainability Report is certified by Ernst & Young and the standard cited is the GRI Standards.	No significant differences
6. If the company has its own code of conduct for sustainable development in accordance with the "Code of Practice for Sustainable Development of Listed Companies", please describe the differences between its operation and the code:		V	The Company has established the "Code of Conduct for Sustainable Development" in accordance with the "Code of Conduct for Sustainable Development of Listed Companies" which has been followed by the Company and there has been no discrepancy so far.	No significant differences
7. Other important information to help understand the implementation of sustainable development:	V V V		(1) The Company has set up a website and disclosed information related to financial operations and corporate governance (2) The Company has designated a person responsible for the collection and disclosure of corporate information and has implemented a spokesperson system in accordance with the regulations. (3) The Company shall announce and report its annual financial statements within two months after the end of the fiscal year in accordance with the regulations, and shall announce and report its first, second and third quarterly financial statements and monthly operations well in advance of the prescribed deadline.	No significant differences

4. Status of Sustainable Development and Responsible Minerals Committee:

To establish a good corporate governance structure for the Company, the Sustainable Development and Responsible Minerals Committee was set up on August 8, 2022 in order to strengthen the functions of the Board of Directors and facilitate the implementation of corporate social responsibilities related to the environment, society, and corporate governance.

4.1 Sustainable development commitment and strategy

We identify our own strengths from the perspective of a business, focus on sustainable development, formulate strategies in line with our corporate philosophy and vision through stakeholder engagement, and launch various sustainability strategies through corporate culture formation and corporate leadership. The Company’s departments create sustainable values while fulfilling their duties, moving towards performance targets. If necessary, department transformation is carried out. Finally, we review results from stakeholders’ point of view; adjust strategies to ensure the achievement of performance targets, if necessary; disclose relevant actions through multiple channels; and satisfy the expectations and requirements of stakeholders to generate a driving force for the Company to promote sustainability continuously.

4.2 Sustainable Development and Responsible Minerals Committee members and their academic background

Title	Name	Academic Background
Convener	Lung-Tsai Yen	Honorary Ph.D., National Taipei University of Technology
Member	Wen-Hsun Tsai	Drexel University, USA, MS Accounting
Member	Ming-Cheh Hsieh	Department of Chemical Engineering, National Taipei Institute of Technology (Junior College)
Member	Wen-Zhi Yen	Master of Business Administration, Long Island University New York
Member	Ren-Jie He	National Cheng Kung University
Member	Jian-Zhi Chen	Department of Chemical Engineering, Tatung University

4.3 The reports of the Sustainable Development and Responsible Minerals Committee to the Board of Directors at the respective meetings are as follows:

Term-Session Date	Important Resolution Matter	Board of Directors' Resolution
11th – 14th 2023.5.11	Appointment and discharge of the corporate governance officer	Passed through voting by directors present
12th – 3rd 2023.11.3	Sustainable management report	Passed through voting by directors present
13th – 4rd 2024.5.3	Appointment and discharge of the corporate governance officer	Passed through voting by directors present

Implementation of the units dedicated to corporate governance

We have a corporate governance work group, with the Executive Vice President who has several years of experience in accounting, financial, shareholder service, or meeting management in public companies as the convener, as well as the legal affairs and shareholder service units, to be in charge of corporate governance affairs. The main responsibilities of corporate governance personnel are to provide directors with the information needed to carry out their duties and collect the latest legal developments related to the Company's operations to assist the directors in legal compliance.

The business execution in 2023 is as follows:
1. Assisting directors in performing their duties, providing required information, and arranging continuing education for them

- Directors were provided with required company information, and smooth communication and exchange were maintained between the directors and senior executives.
- Independent directors regularly communicated with the internal audit officer or CPAs to understand the Company's finance and business.
- Based on the educational background and work experience of directors and the updates of existing laws and regulations, annual training courses were regularly arranged for the directors.

2. Assisting in the procedures and legal compliance of various functional committees, board meetings and shareholders' meetings

(6) Compliance with the Code of Integrity and Discrepancies with the Code of Integrity of Listed Companies and Reasons

Evaluation Items	Operating conditions (Note 1)			Differences from the Code of Integrity of Listed Companies and Reasons
	Yes	No	Abstract Description	
I. Establish integrity management policies and programs (1) Has the company established an honest management policy approved by the board of directors, and has the policy and practice of integrity management been stated in the bylaws and external documents, as well as the commitment of the board of directors and the senior management to actively implement the management policy? (2) Has the company established a mechanism for assessing the risk of dishonest acts, regularly analyzed and evaluated the business activities within the scope of business that have a higher risk of dishonest acts, and formulated a plan to prevent dishonest acts based on such a plan, which at least covers the preventive measures for the acts mentioned in paragraph 2 of Article 7 of the "Code of Integrity for Listed Companies"? (3) Is the company's program to prevent dishonest behavior clearly defined in the operating procedures, behavior guidelines, disciplinary and complaint system for non-compliance enforced, with regular review and revision of the previously disclosed program?	V V V		(1) The Company has established a code of ethical conduct and related rules and regulations, as well as a system of rewards and punishments, such as a code of ethical conduct for directors, supervisors and managers, and a code of ethical conduct for employees, the management team. All employees are committed to a business philosophy of honesty and pragmatism. (2) The Company has established procedures to prevent dishonest conduct and guidelines for preventive measures in the Code of Integrity. (3) The Company has established a precautionary program in the Code of Integrity Management, which is promoted at each monthly meeting.	The Company has established the subprinciples as the basis, and will gradually establish complete regulations depending on the operation of the Company.
2. The implementation of integrity management (1) Does the company evaluate the integrity records of its counterparties and specify the integrity terms in the signed contracts? (2) Has the company set up a special unit under the board of directors to promote integrity of corporate management, and report regularly (at least once a year) to the board of directors on its policies on integrity management and plans to prevent dishonest practices and monitor their implementation? (3) Does the company have a policy to prevent conflict of interest, provide appropriate channels for presentation, and implement it? (4) Has the company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of dishonest acts, followed by checking the compliance of the dishonest act prevention plan, or has the company appointed an accountant to perform the audit? (5) Does the company regularly conduct internal and external education and training on integrity management?	**V** **V** **V**	V V	(1) The company will evaluate the credit history of the clients. (2) On November 3, 2023, the Board of Directors reported that up to the third quarter of 2023, the Company had not violated the “Code of Integrity.” The Company also promotes insider trading regulations at monthly meetings and board of directors' meetings. (3) The Company's Board of Directors meeting on November 3, 2023 has approved, and at each meeting, the Company has promoted the policy of preventing conflict of interest under the relevant laws and regulations, provided appropriate presentation channels in the Code of Integrity, with full implementation. (4) The Company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has prepared an audit plan based on the assessment results of the risk of dishonest acts, followed by checking the compliance of the dishonest act prevention plan accordingly. In addition, the internal audit unit has regularly checked and appointed an accountant to perform the audit. (5) Internal and external education and training are held regularly. We also disclose the information in the annual report.	No significant differences
3. The operation of the corporate reporting system (1) Has the company established a specific reporting and reward system, set up a channel to facilitate reporting, as well as assigned appropriate staff to receive reports on the subject? (2) Has the company established standard operating procedures for the investigation of whistleblowing cases, follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanism?	V	V	(1) The Company has a whistleblower window and suggestion box, and implements the principle of confidentiality for whistleblowers, with specification of the reward for whistleblowing and the penalty for violation of the regulations. (2) Anyone who finds a suspected incident of misconduct or violation of this Code has the obligation to report it to the management. If any violation of governmental regulations or fraud is found, it should	No significant differences

Evaluation Items	Operating conditions (Note 1)			Differences from the Code of Integrity of Listed Companies and Reasons
	Yes	No	Abstract Description	
(3) Does the company take measures to protect the whistleblower from improper disposal as a result of the whistleblowing?	V		be reported to the supervisor, manager, internal auditor or other appropriate personnel by email or in writing. (3) The Company will provide the whistleblower with comprehensive protection measures to ensure the quality of the investigation and to avoid unfair retaliation or treatment of the whistleblower.	
4. Strengthen the disclosure of information Does the company disclose the content and effectiveness of its Code of Integrity on its website and on the Market Observation Post System?	V		(1) The Company has set up an investment area on its website and disclosed the contents and measures of the Code of Integrity on the Market Observation Post System.	No significant differences
5. If the Company has its own code integrity management in accordance with the "Code of Integrity for Listed Companies", please describe the differences between its operation and the code: No. The Company conducts corporate governance in accordance with the Company Law and relevant regulations of the FSC Securities and Futures Bureau, and has covered the main principles of governance.				
6. Other important information to help understand the integrity of the company's operations: (such as the company's review of the revision of its code of conduct for integrity management): None				

Note 1: The operation status should be stated in the summary description field regardless of whether "Yes" or "No" is checked.

(7) If the Company has established a code of corporate governance and related regulations, it should disclose its inquiry methods:

Although the Company has established a corporate governance code, the overall operation of the Company follows the relevant provisions of the "Code of Corporate Governance Practices for Listed Companies" and has set up a corporate governance section on the Company's website to disclose our corporate governance. For information on the Company's website:

http://www.mechema.com/20844214962783529702.html

(8) Other important information that may be disclosed to enhance understanding of corporate governance operations:

1. Internal Material Information Handling and Prevention of Insider Trading Management Procedures
2. Code of Integrity
3. Code of Ethical Conduct for Directors and Presidents
4. Employee Code of Ethical Conduct

For more details, please refer to our website:
http://www.mechema.com/20844214962783529702.html

(9) The Status of the Internal Control System:

1. Statement of Internal Control

Mechema International Group
Statement of Internal Control System

Date: March 13, 2024

Based on the results of the self-assessment, the Company's internal control system for the year ended December 31, 2022, is stated as follows:

1. The Company recognizes that it is the responsibility of the Board of Directors and the Presidents to establish, implement and maintain an internal control system, and that the Company has established such a system. The purpose of the system aims to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and safety of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and relevant laws and regulations.

2. No matter how well designed, an effective internal control system can only provide reasonable assurance that the above three objectives will be achieved; moreover, due to changes in circumstances and conditions, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism and once deficiencies are identified, the Company will take corrective action.

3. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" are divided into five components based on the management control process: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. monitoring operations. Each component includes a number of items. Please refer to the "Regulations" for the aforementioned items.

4. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the results of the preceding evaluation, the Company believes that the design and implementation of the Company's internal control system (including supervision and management of subsidiaries) as of December 31, 2023, including the understanding of the extent to which operational effectiveness and efficiency objectives are achieved, and the reporting of such internal control system is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations, is effective, and that it can reasonably ensure The Company's internal control system is designed and implemented in a manner that reasonably ensures the achievement of the above objectives.

6. This statement will become the main content of the Company's annual report and public statement and will be made public. If any of the above-mentioned contents are disclosed in a false or concealed manner, the Company will be subject to legal liability under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

7. This statement was approved by the Board of Directors at its meeting held on March 13, 2024, and among the seven directors present, none of them held any opposing views and all of them agreed to the contents of this statement.

Mechema International Group

Chairman:

President:

2. If an accountant is engaged to review the internal control system, the accountant's review report should be disclosed: None.

(10) For the most recent year and as of the date of the annual report, if the Company and its internal personnel have been punished by law, or if the Company has punished its internal personnel for violating the provisions of the internal control system, or if the result of the punishment may have a significant impact on shareholders' equity or the price of securities, the content of the punishment, major deficiencies and improvements should be listed: None

(11) The significant resolutions of the shareholders' meeting and the board of directors for the most recent year and up to the date of printing of the annual report are as follows.

Meeting date: 2023.06.27

2022 Annual Shareholders' Meeting Important Resolution:	Subject	Important Resolutions	Results of the shareholders' meeting	Enforcement
2. Matters of Ratification	First proposal	The 2022Annual Report on Operations and Financial Statements of the Company are hereby approved.	RESOLVED: That the resolution be approved by the poll as originally proposed. The voting results are as follows: Total voting rights of shareholders present at the time of voting were 42,303,055 (including 875,858 voting rights exercised electronically) 42,207,609 votes in favor (including 780,444 votes exercised electronically) 22,194 votes against (of which 22,194 votes were exercised electronically) Number of abstentions/non-votes 73,252 votes exercised electronically 73,220 votes)	Execution
2. Matters of Ratification	Second proposal	The proposed distribution of earnings for 2022 is hereby approved.	RESOLVED: The proposal was approved by the original poll. The voting results were as follows: Total voting rights of shareholders present at the time of voting were 42,303,055 (of which 875,858 votes were exercised electronically) 42,210,344 votes in favor (of which 783,179 votes were exercised electronically) 22,545 votes against (of which 22,545 votes were cast electronically) 700,166 abstentions/non-voting rights (700,134 electronic voting rights)	Implementation of the proposal is as follows: 1. The distribution of cash dividends has been approved by the shareholders' meeting on June 27, 2023, with NT$4.6 per share, totaling NT$344,936,999, and the board of directors has approved July 23, 2023 as the base date for dividend distribution. 2. The cash dividend payment date was set on August 10, 2023, appointing the stock agent of Horizon Securities Corp. in the form of a cash dividend payment.
3. Matters for Election	First proposal	Election of 7 member for the Company's 12th directors (including 4 independent directors)	The report of the 112th Annual Meeting of Shareholders Director Election: The voting right of Lung-Tsai Yen were 56,793,407 The voting right of Wen-Zhi Yen were 42,053,605 The voting right of Kuo-Kuang Yeh were 40,058,485 The voting right of Wang Gao-Jin were 38,580,350 The voting right of Lee Meng-Xiu were 38,580,350 The voting right of Chen Sheng-Yuan were38,580,350 The voting right of Chou Wei-Chun were 38,580,350	Implemented as follows
4. Matters for Discussion	First proposa1	Proposed amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company.	RESOLVED: That the resolution be approved by way of poll as originally proposed The voting results were as follows: Total voting rights of shareholders present at the time of voting were 42,303,055 (of which 875,858 votes were exercised electronically) 42,186,057 votes in favor (of which758,892 votes were exercised electronically) 39,732 votes against (of which39,732 votes were exercised electronically) Number of abstentions/non-voting rights 77,266 rights (77,234 rights exercised electronically)	Implemented as follows

The attendance of directors (as non-voting participants) at the 2023 Annual General Shareholders’ Meeting is as follows:

Job Title	Name	Actual attendances (as non-voting participants)	Attendances by proxy	Actual attendance rate Attendance rate (%)	Remarks
Chairman	Lung-Tsai Yen	1	0	100	None
Director	Wen-Zhi Yen	1	0	100	None
Director	Kuo-Kuang Yeh	1	0	100	None
Independent Director	Gao-Jin Wang	1	0	100	None
Independent Director	Meng-Xiu Lee	1	0	100	None
Independent Director	Sheng-Yuan Chen	1	0	100	None
Independent Director	Wei-Chun Chou	1	0	100	None

Note: Please refer to the Market Observation Post System website for the full text of the Company's minutes, manuals and meeting supplements as follows "http://mops.twse.com.tw

3. Discussion of the implementation of the resolution at the 2023 annual shareholders' meeting.

A. Earnings distribution: Cash dividends to shareholders and compensation to employees were paid in 2023, and the amount paid was the same as the amount resolved in the shareholders' meeting.

B. The Company has carried out the relevant operations in accordance with the amendment to the Regulations of the Shareholders' Meeting.

C. Regarding the resolution of the 2023 Annual General Shareholders Meeting, the Company has actually implemented all of them.

4. Important resolutions of the Board of Directors.

Term-Time Date	Important Resolutions	The matters listed in Article 14-3 of the Securities and Exchange Act	Opinions of the Independent Directors and the Company's Handling of the Opinions of the Independent Directors	Results of the Board of Directors' Resolutions
11th-13th 2023.3.22	Approved the 2022 annual report of operations, individual financial statements and consolidated financial statements	V	None	Approved by vote of the Directors present
11th-13th 2023.3.22	Approved the "Statement of Internal Control System" for 2022	V	None	Approved by vote of the Directors present
11th-13th 2023.3.22	Approved the distribution of the Company's 2022 annual earnings	V	None	Approved by vote of the Directors present
11th-13th 2023.3.22	Approved the 2022 Annual Remuneration Plan for Directors and Employees by the Compensation Committee	V	None	Approved by vote of the Directors present

11th-13th 2023.3.22	Approval of the seven positions (including four independent directors) for the twelfth session of the Board of Directors of the Company and acceptance of director nomination period and premises	V	None	Approved by vote of the Directors present
11th-13th 2023.3.22	Approved the proposal to convene the 2023 Annual General Shareholders Meeting	V	None	Approved by vote of the Directors present
11th-13th 2023.3.22	Through the 2022 annual "Modern Slavery Policy and Statement	V	None	Approved by vote of the Directors present
11th-13th 2023.3.22	Through the disposal of foreign funds Power Fund	V	None	Approved by vote of the Directors present
11th-14th 2023.5.11	Approved the Company's consolidated financial statements for the first quarter of 2023	V	None	Approved by vote of the Directors present
11th-14th 2023.5.11	Approved the Evaluation of the Independence and Competence of the Company's Certified Public Accountants	V	None	Approved by vote of the Directors present
11th-14th 2023.5.11	Approved the General Principles for Pre-Approved Non-Confirmation Service Policy of the Company	V	None	Approved by vote of the Directors present
11th-14th 2023.5.11	Approved the nomination of candidates for the 12th term of directors	V	None	Approved by vote of the Directors present
11th-14th 2023.5.11	Approved the proposed removal of the prohibition on competing for the 12th term of directors after the re-election	V	None	Approved by vote of the Directors present
11th-14th 2023.5.11	Approved the appointment and removal of the Corporate Governance Executives	V	None	Approved by vote of the Directors present

12th-1st 2023.6.27	Election of the Chairman	V	None	Approved by vote of the Directors present
12th-2nd 2023.8.9	Approval of the appointment of the 5th Remuneration Committee’s members	V	None	Approved by vote of the Directors present
12th-2nd 2023.8.9	The Company’s Consolidated Financial Statements for Q2 2023	V	None	Approved by vote of the Directors present
12th-2nd 2023.8.9	Establishment of the “Regulations Governing the Appointment of Consultants”	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Important financial and business matters. Internal audit activities. Report on the progress of the compilation of financial statements Greenhouse gas inventory and verification schedule report Integrity management report Sustainable management report Information security report	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	The Company’s Consolidated Financial Statements for Q3 2023	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Proposal to renew financing facilities with financial institutions	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	The Company’s manager bonus distribution principles in 2023	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Proposal to adjust the salary of managers in 2024	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Remuneration Committee’s work plan in 2024	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	The Company’s internal audit plan in 2024	V	None	Approved by vote of the Directors present

12th-3rd 2023.11.3	Loaning of funds to Subsidiary Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Loaning of funds to Subsidiary Mechema Chemical (Xiamen) Co., Ltd.	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Loaning of funds to Subsidiary Mechema Chemical (Malaysia) Sdn Bhd	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Signing of a group supply contract with Dead Sea Bromine Company Ltd.	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Appointment of Former Supervisor Mr. Chen Sung-Wen as the Company's consultant	V	None	Approved by vote of the Directors present
12th-3rd 2023.11.3	Appointment of the Company's new information security officer	V	None	Approved by vote of the Directors present

12th – 3rd 2024.3.13	The 2023 business report, individual financial statements, and consolidated financial statements	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	2023 "Statement of Internal Control System"	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	The Company's 2023 loss appropriation proposal.	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	Distribution of cash dividends from legal reserve	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	Directors' and employees' remuneration for 2023 reviewed by the Company's Remuneration Committee	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	Convening of the Company's 2024 Annual Shareholders' Meeting.	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	2023 "Modern Slavery Policy and Statement"	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	Amendment to the Company's "Organizational Rules of the Audit Committee"	V	None	Approved by vote of the Directors present
12th – 3rd 2024.3.13	Change of the Company's accounting officer and financial officer	V	None	Approved by vote of the Directors present
12th – 5rd 2024.5.3	Deloitte Taiwan made an internal adjustment and replaced CPA.	V	None	Approved by vote of the Directors present
12th – 5rd 2024.5.3	The Company's consolidated financial statements for Q1, 2024	V	None	Approved by vote of the Directors present
12th – 5rd 2024.5.3	Evaluation on the independence and suitability of CPAs	V	None	Approved by vote of the Directors present

12th – 5rd 2024.5.3	Establishment of the "Regulations for Assistance to Employees in Business Litigation"	V	None	Approved by vote of the Directors present
12th – 5rd 2024.5.3	Amendment to the Company's "Procedures for Handling Material Inside Information"	V	None	Approved by vote of the Directors present
12th – 5rd 2024.5.3	Change of corporate governance officer	V	None	Approved by vote of the Directors present

(12) For the most recent year and as of the printing date of the annual report, the directors or supervisors have different opinions on important resolutions of the board of directors and have recorded or stated in writing the following: Details of important resolutions of the board of directors.

(13) Summary of the resignation and dismissal of the chairman, president, accounting officer, treasurer, internal audit officer, corporate governance officer and research and development officer of the Company for the most recent year and as of the date of the annual report: None

4. Accountant fee information

Unit: NTD thousand

Name of CPA firm	CPA's Name	CPA review period	Audit Fees	Non-audit fees (Note 1:)	Total	Remark
Deloitte Touche Tohmatsu Limited (DTTL)	Yung-Ming Chiu	2023/01/01-2023/12/31	3,300	161	3,461	Business Registration Change Fee
	Chin-Chuan Shih	2023/01/01-2023/12/31				

Note 1: Non-audit public service content: Business registration change fee

(2) If the audit fee paid in the year of change of accounting firm is less than the audit fee in the year before the change, the amount of the audit fee before and after the change and the reasons for the change should be disclosed: None.

(3) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage, and reason for the reduction of the audit fee shall be disclosed: None.

5. Change of Accountant

Information on the change of accountants: In 2024, due to the adjustment of the internal management establishment of the appointed DTTL firm, the certified public accountants were changed from Chin-Chuan Shih to Chin-Ming Hsu, CPA.

6. The chairman, president, or supervisors in charge of financial or accounting matters of the Company, who has worked in the firm of the certified public accountant or its affiliated companies within the last year: None.

7. Changes in the shareholding of directors, supervisors, presidents and shareholders holding more than 10% of the shares and pledges of shares in the most recent year and as of the date of printing of the annual report:

1. Changes in the shareholdings of directors, supervisors, presidents and substantial shareholders and pledges of shareholdings:

Unit: share

Job Title	Name	2023		April 22, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares held	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares held
Chairman and President	Lung-Tsai Yen (Note 1)	-	-	-	-
Director	Kuo-Kuang Yeh	-	-	-	-
Director	Yuan-Dong Hsu	-	-	-	-
Director	Wen-Zhi Yen	-	-	-	-
Independent Director	Gao-Jin Wang	-	-	-	-
Independent Directors	Meng-Xiu Lee	-	-	-	-
Independent Director	Sheng-Yuan Chen	-	-	-	-
Independent Director	Wei-Chun Chou				
Vice President	Ming-Cheh Hsieh	-	-	-	-
Executive Vice President	Wen-Hsun Tsai	-	-	-	-

Note 1: The number of shares held includes the number of shares in the trust that retains the right to exercise the decision.

2. Information on directors, supervisors, presidents, and substantial shareholders who are related parties: None of the parties to the transfer of shares is a related party.
3. Information on directors, supervisors, managers, and substantial shareholders who are related parties to the pledged shares: None.

8. Information on the relationship between the top 10 shareholders (referring to the top 10 related persons)

April 22, 2024 Unit: share

Name	Shareholding		Shares held by spouse, minor children		Total shareholding in the name of others		The names and relationships of the top ten shareholders who are related to each other under IFRS No. 6 or who are related to each other as spouses, second-degree relatives, etc.		Remark
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationships	
Lung-Tsai Yen	6,086,725	8.12%	3,618,770 (Note2)	4.83%	—	—	Li-Yu Lee Long-Fa Yen Wen-Zhi Yen	Spouse Brothers Father-son	—
Chi Yuan Investment Co., Ltd.-Representative Li-Yu Lee	4,533,320	6.05%	—	—	—	—	Lung-Tsai Yen Wen-Zhi Yen	Spouse Mother-son	—
Long-Fa Yen	2,600,899	3.47%	2,087,478	2.78%	—	—	Li-Mei Ling Lung-Tsai Yen Wen-Zhi Yen	Spouse Brothers Father-son	—
Li-Mei Ling	2,087,478	2.78%	2,600,899	3.47%	—	—	Long-Fa Yen Wen-Hong Yen	Spouse Mother-son	—
Taishin International Commercial Bank Trustee Property Account-Lung-Tsai Yen	2,000,000	2.67%	—	—	—	—	Li-Yu Lee Long-Fa Yen Wen-Zhi Yen	Spouse Brothers Father-son	—
Taishin International Commercial Bank Trustee Property Account- Li-Yu Lee	2,000,000	2.67%	—	—	—	—	Lung-Tsai Yen Wen-Zhi Yen	Spouse Father-son	—
Li-Yu Lee	1,641,770	2.19%	8,086,725	10.78%	—	—	Lung-Tsai Yen Wen-Zhi Yen	Spouse Mother-son	—
Wen-Zhi Yen	591,276	0.79%	—	—	—	—	Lung-Tsai Yen Li-Yu Lee	Father-son Mother-son	—
Zheng-Liang Tsai	531,595	0.71%	—	—	—	—	—	—	—
Wen-Hong Yen	521,707	0.70%	—	—	—	—	Long-Fa Yen Li-Mei Ling Yong-Iie Yen	Father-son Mother-son Sister-brother	—

Note 1: Lung-Tsai Yen 6,086,725 + Trust: 2,000,000 = 8,086,725 shares
Note 2: Li-Yu Lee 1,618,770 + Trust: 2,000,000 = 3,618,770 shares

9. The number of shares held by directors, supervisors, presidents, and companies directly or indirectly controlled by the Company in the same business to be invested in, and the consolidated percentage of shareholding shall be calculated:

Reinvestment Business	The company investment		Directors, supervisors, presidents, and investments in businesses with direct or indirect control		Consolidated Investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Mechema International Group Thailand	310,000	100%	-	-	310,000	100%
Mechema International Group Indonesia	4,000	100%	-	-	4,000	100%
Mechema International Group Korea	876,404	100%	-	-	876,404	100%
Mechema International Group Malaysia	5,000,000	100%	-	-	5,000,000	100%
Catalyst Development Co., Ltd.	8,100,000	100%	-	-	8,100,000	100%
Mechema International Group Chemicals (Xiamen) (Note 1)	-	100%	-	-	-	100%
Shaoxing Shangyu Mechema Chemical International Group	-	100%	-	-	-	100%
Mechema Toda Corporation	15,010,000	50%	-	-	15,010,000	50%

Note 1: The Company is a limited company, so there is no number of shares.

Chapter 4 Capital Raising Status

1. Source of Capital and Shares

(1) Source of the Company's share capital

Year/month	Issue Price	Authorized share capital		Paid-in capital		Remark					
						Share Capital Source				Property against shares	Other
		Number of shares	Amount	Number of shares	Amount	Cash Capital Increase	Surplus Capital Transfers	Capital Transfer	Conversion of corporate bonds to equity		
1992/06	10	3,000,000	30,000,000	3,000,000	30,000,000	30,000,000	-	-	-	None	Note 1
1995/06	10	7,000,000	70,000,000	7,000,000	70,000,000	40,000,000	-	-	-	None	Note 2
1997/09	10	11,000,000	110,000,000	11,000,000	110,000,000	15,760,000	24,240,000	-	-	None	Note 3
1998/10	18	30,000,000	300,000,000	16,722,283	167,222,830	36,000,000	21,222,830	-	-	None	Note 4
1998/11	10	30,000,000	300,000,000	19,602,283	196,022,830	-	-	28,800,000	-	None	Note 5
1999/06	13	40,000,000	400,000,000	33,000,000	330,000,000	100,000,000	33,977,170		-	None	Note 6
2000/08	10	40,000,000	400,000,000	39,000,000	390,000,000	-	37,950,000	22,050,000	-	None	Note 7
2001/10	10	43,000,000	430,000,000	40,872,000	408,720,000	-	10,140,000	8,580,000	-	None	Note 8
2002/9	10	46,000,000	460,000,000	44,000,000	440,000,000	-	31,280,000	-	-	None	Note 9
2003/6	10	55,000,000	550,000,000	48,750,000	487,500,000	-	47,500,000	-	-	None	Note 10
2004/7	10	70,000,000	700,000,000	48,931,719	489,317,190	-	-	-	1,817,190	None	Note 11
2004/9	10	70,000,000	700,000,000	54,251,719	542,517,190	-	53,200,000	-	-	None	Note 12
2004/10	10	70,000,000	700,000,000	54,570,755	545,707,550	-	-	-	3,190,360	None	Note 13
2005/1	10	70,000,000	700,000,000	54,581,872	545,818,720	-	-	-	111,170	None	Note 14
2005/4	10	70,000,000	700,000,000	54,609,665	546,096,650	-	-	-	277,930	None	Note 15
2005/9	10	80,000,000	800,000,000	60,597,852	605,978,520	-	59,881,870	-	-	None	Note 16
2006/9	10	80,000,000	800,000,000	61,949,909	619,499,090	-	13,520,570	-	-	None	Note 17
2007/7	10	86,000,000	860,000,000	61,949,909	619,499,090	-	-	-	-	None	Note 18
2007/9	10	86,000,000	860,000,000	63,777,781	637,777,810	-	13,589,980	-	4,688,740	None	Note 19
2008/1	10	86,000,000	860,000,000	63,943,001	639,430,010	-	-	-	1,652,200	None	Note 20
2008/4	10	86,000,000	860,000,000	63,947,131	639,471,310	-	-	-	41,300	None	Note 21
2008/9	10	86,000,000	860,000,000	67,504,487	675,044,870	-	35,573,560	-	-	None	Note 22
2009/9	10	86,000,000	860,000,000	69,529,621	695,296,210	-	20,251,340	-	-	None	Note 23
2010/10	10	86,000,000	860,000,000	72,310,805	723,108,050	-	27,811,840	-	-	None	Note 24
2011/10	10	86,000,000	860,000,000	74,986,304	749,863,040	-	26,754,990	-	-	None	Note 25

Note 1: The effective date of the capital increase (approval) and the document number is 1992.06.30 by (81) Commercial 112919
Note 2: The effective date of the capital increase (approval) and the document number is 1995.06.29 by (84) Commercial No. 986647
Note 3: The effective date of the capital increase (approval) and the document number is 1997.09.09 by (86) Commercial 117233
Note 4: The effective date of the capital increase (approval) and the document number is 1998.11.20 by (87) Commercial 087136759
Note 5: The effective date of the capital increase (approval) and the document number is 1998.12.11 by (87) Commercial 087140280
Note 6: The effective date of the capital increase (approval) and the document number is 1999.6.22 (88) Taiwan-Financial-Securities-I. No. 54850.
Note 7: The effective date of the capital increase (approval) and the document number is 2000.8.8 (89) Taiwan-Financial-Securities-I. No. 68539.
Note 8: The effective date of the capital increase (approval) and the document number is 2001.8.2 (90) Taiwan-Financial-Securities-I. No. 149672.
Note 9: The effective date of the capital increase (approval) and the document number are 2002.9.16, with the authorization of Commercial No. 09101365050.
Note 10: The effective date of the capital increase (approved) and the document number is 2003.6.26, with the authorization of Commercial No. 0920128288.
Note 11: The effective date of the capital increase (approval) and the document number is 2004.7.30, with the authorization of Commercial No. 09332500590.
Note 12: The effective date of the capital increase (approval) and the document with the authorization of Commercial No. 09301173970 of September 14, 2004.
Note 13: The effective date of the capital increase (approval) and the document number is 2004.10.27, with the authorization of Commercial No. 09301199800.
Note 14: The effective date of the capital increase (approval) and the document number is 2005.1.28, with the authorization of Commercial No. 09401017470.
Note 15: The effective date of the capital increase (approved) and the document number is 2005.4.27, with the authorization of Commercial No. 09401073390.
Note 16: The effective date of the capital increase (approval) and the document number is 2005.9.15, with the authorization of Commercial No. 09401183040.
Note 17: The effective date of the capital increase (approval) and the document number is 2006.9.22, with the authorization of Commercial No. 09501216150.
Note 18: The effective date of the capital increase (approval) and the document number is 2007.7.2, with the authorization of Commercial No. 09601148560.
Note 19: The effective date of the capital increase (approval) and the document number is 2007.9.29, with the authorization of Commercial No. 09601233010.
Note 20: The effective date of the capital increase (approval) and the document number is 2008.1.22, with the authorization of Commercial No. 09701012640.
Note 21: The effective date of the capital increase (approval) and the document number is 2008.4.11, with the authorization of Commercial No. 09701088330.
Note 22: The effective date of the capital increase (approval) and the document number is 2008.9.23, with the authorization of Commercial No. 09701239980.
Note 23: The effective date of the capital increase (approval) and the document number is 2009.9.10, with the authorization of Commercial No. 09801207380.
Note 24: The effective date of the capital increase (approval) and the document number is 2010.10.04, with the authorization of Commercial No. 09901219620.
Note 25: The effective date of the capital increase (approval) and the document number is 2011.9.27, with the authorization of Commercial No. 10001219710.

April 22, 2024

Shares Categories	Authorized Share Capital			Remark
	Outstanding shares	Unissued shares	Total (Note 1)	
Registered common stock	74,986,304 shares	25,013,696 shares	100,000,000 shares	All issued shares are listed shares

Note 1. On June 30, 2020, the Company approved an amendment to increase the total capital by $1 billion, but the current paid-in capital has not yet reached $860,000,000 before the amendment. Therefore, the Company will wait until the next capital increase exceeds $860,000,000, and at the same time, it will issue new shares and amend its articles of incorporation.

General information about the reporting system: None.

(2) Shareholder Structure

April 22, 2024

Shareholder Quantity	Government Institution	Financial Institutions	Other legal persons	Individuals	Foreign Organizations and Foreigners	Total
Number of people	0	5	210	42,742	29	42,986
Number of shares held	0	147,270	9,446,228	63,844,098	1,548,708	74,986,304
Shareholding Ratio	0.00%	0.2%	12.6%	85.14%	2.06%	100%

(3) Equity dispersion situation

April 22, 2024

Shareholdings Grading			**Number of shareholders**	**Number of shares held**	**Shareholding ratio%**
1	-	999	27,255	963,788	1.29%
1,000	-	5,000	14,100	24,866,965	33.16
5,001	-	10,000	1,053	8,255,336	11.01%
10,001	-	15,000	230	2,960,793	3.95%
15,001	-	20,000	125	2,278,252	3.04%
20,001	-	30,000	97	2,494,846	3.33%
30,001	-	40,000	29	1,056,533	1.41%
40,001	-	50,000	27	1,271,816	1.7%
50,001	-	100,000	36	2,485,464	3.31%
100,001	-	200,000	11	1,467,466	1.96%
200,001	-	400,000	10	2,829,030	3.77%
400,001	-	600,000	6	3,128,823	4.17%
600,001	-	800,000	0	0	0.00%
800,001	-	1,000,000	0	0	0.00%
1,000,001	The above are graded according to the actual situation		7	20,927,192	27.90%
Total			42,986	74,986,304	100.00%

(4) List of major shareholders

April 22, 2024

Shares / Name of Major Shareholders	Number of shares held	Shareholding ratio%
Lung-Tsai Yen	6,086,725	8.12%
Chi Yuan Investment Co., Ltd.	4,533,320	6.05%
Long-Fa Yen	2,600,899	3.47%
Li-Mei Ling	2,087,478	2.78%
Taishin International Commercial Bank was entrusted with the account of Lung-Tsai Yen	2,000,000	2.67%
Taishin International Commercial Bank was entrusted with the account of Lee Li-Yu	2,000,000	2.67%
Li-Yu Lee	1,618,770	2.16%
Wen-Zhi Yen	591,276	0.79%
Zheng-Liang Tsai	531,595	0.71%
Wen-Hong Yen	521,707	0.70%

(4) Stock price, net worth, earnings, dividends and related information per share for the last two years

Item		Annual	2022 (distributed in 2023 year)	2023 (distributed in 2024 year)	Current year ended March 31, 2023 (Note 10)
Price per stock	Highest		162.50	116.00	86.70
(Note 1)	Minimum		90.00	76.00	72.70
	Average		126.03	93.30	79.39
Net value per share	Before distribution		20.02	14.96	14.77
	After distribution		-	—	—
Earnings per share	Weighted average number of shares		-	—	—
	Earnings per share (Note 3)		5.09	(0.33)	0.79
Dividend per share	Cash dividends		4.60		—
	Non-remunerated	Distribution of dividends from earnings	—	1.1	—
	Allotment of shares	-	—	-	—
	Accumulated unpaid dividends (Note 4)		-	—	—
Investment Compensation	Price-to-Earning Ratio (Note 5)		24.86		—
Analysis	Principal to profit ratio (Note 6)		27.40	84.82	—
	Cash Dividend Yield(Note 7)		3.65%	1.18%	—

Note 1: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.
Note 2: Based on the number of shares outstanding at the end of the year and the distribution resolved at the following year's shareholders' meeting.
Note 3: If there is a retroactive adjustment due to a no-compensation stock allotment, etc., the earnings per share before and after the adjustment should be shown.
Note 4: If the conditions of issuance of equity securities provide that dividends unpaid in the current year may be accumulated and paid in the year of earnings, the dividends accumulated and unpaid as of the current year should be disclosed separately.
Note 5: The Price-to-Earning Ratio = average closing price per share for the year/earnings per share.
Note 6: Principal-to-profit ratio = Average closing price per share for the year / Cash dividends per share.
Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.
Note 8: Net value per share and earnings per share should be presented as of the most recent quarterly period audited (reviewed) by the accountants as of the date of the annual report; the remaining columns should be presented as of the current year as of the date of the annual report.
Note 9: The loss appropriation for 2023 has not yet been resolved by the shareholders, so the figures after the appropriation are not yet determined.
Note 10: As of May 2024, the information is only shown up to March 31, 2024, for accuracy.

(6) Dividend policy and enforcement status of the Company

1. The Company shall first set aside 10% of the legal reserve and then set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act except for the taxable income and prior years' losses, and the remainder shall be distributed in the following order as proposed by the Board of Directors:
   (1) The remuneration for directors and supervisors shall not be more than 5% of the allocated amount.
   (2) Employee compensation shall not be less than one percent of the allocated amount.
   (3) The remaining balance represents dividends to shareholders.

   Since the Company is in the growth phase of its corporate life cycle, with a view to effectively grasping appropriate investment opportunities, the Company's dividend policy, in addition to making reference to the general level of dividend distribution in the industry, will take into account the future capital needs and long-term financial planning requirements and will set aside at least 50% of the above-mentioned shareholders' bonus, of which no less than 10% shall be distributed as cash dividends, provided that the type and rate of such distribution may be adjusted by resolution of the shareholders' meeting depending on the actual profitability and capital position of the year.
2. Dividend distribution proposed at the shareholders' meeting (approved by the board of directors and not yet approved by the shareholders' meeting):
   The loss appropriation for 2023, as resolved by the Board of Directors on March 13, 2024, was as follows:

Mechema International Group
2023 Loss Appropriation Table

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the period	**$22,307,361**
Plus: Remeasurement of the defined benefit plan recognized in the retained earnings	**100,888**
Current loss	**(24,542,892)**
Losses to be offset	**(2,134,643)**
Items used to offset losses	
Legal reserve for offsetting losses	**2,134,643**
Undistributed earnings at the end of the period	**$0**

1. The Company's distribution principle is to give priority to the distribution of 2023 earnings, and any shortfall will be distributed on a first-in, first-out basis according to the year in which the earnings are generated.
2. The chairman of the board of directors is authorized to determine the ex-dividend date and dividend payment date.
3. The cash dividends are calculated in accordance with the distribution ratio up to integer representation without fractions. The total number of outstanding shares is authorized to be adjusted by the chairman of the board of directors in consultation with certain persons.

Chairman: Lung-Tsai Yen / President: Lung-Tsai Yen / Accounting Supervisor:Wen-Hsun Tsai

(7) Impact of the proposed gratis share placement (2023) on the Company's operating results and earnings per share: None

(8) Compensation for employees, directors and supervisors:

1. The percentage or scope of remuneration for employees, directors and supervisors as set forth in the Articles of Incorporation.
   The dividend policy is implemented in accordance with Article 19 of the Company's Articles of Incorporation, as described in Item 6.

2. The basis for estimating the amount of compensation for employees, directors and supervisors, the basis for calculating the number of shares for employee compensation distributed by stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

   The current valuation basis is based on the dividend policy set forth in Article 19 of the Company's Articles of Incorporation as follows:

   The Company shall first set aside 10% of the legal reserve and then set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act except for the taxable income and prior years' losses, and the remainder shall be distributed in the following order as proposed by the Board of Directors:
   (1) The remuneration for directors and supervisors shall not be more than 5% of the allocated amount.
   (2) Employee compensation shall not be less than one percent of the allocated amount.
   (3) The remaining balance represents dividends to shareholders.
   The basis for calculating the current period is approximately one month's salary
   There is no difference between the estimated and calculated bases for the current period. If the actual allotment amount differs from the estimated amount, it will be adjusted to the profit or loss in the following year.

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

   (1) The Board of Directors has approved the difference of $0 and $0 between the distribution of employees' remuneration of $1,250,000, directors' and supervisors' remuneration of $365,000 while the annual amount of NT$1,250,000 and $365,000, respectively, recognized as expenses in 2023.
   (2) The amount of employee compensation distributed in stock and its proportion to the aggregate amount of net income after tax and total employee compensation in the individual or individual financial statements for the period: The Company does not distribute employee stock bonuses. Therefore, it is not applicable.
   (3) After considering the proposed allotment of employees' and directors' and supervisors' remuneration, the calculated earnings per share: $0.33. The above-proposed allotment of directors' and supervisors' remuneration has been recognized as expense for 2023 and has no impact on the calculated earnings per share.
   (4) The director remuneration and employee remuneration in 2023 decreased by 79% and 83% compared to 2022, respectively
4. The actual distribution of compensation to employees, directors and supervisors in the previous year:
   The remuneration to employees of $5,896,000 and the remuneration to directors and supervisors of $2,200,000 for 2022 were the same as those approved by the Board of Directors.

(9) The Company's shares were bought back by the Company in the most recent year and as of the annual report: None.
2. Corporate bonds (including overseas corporate bonds): None
3. Preferred shares: None
4. Participation in the issuance of overseas depositary receipts: None

5. Employee stock options certificate application: None
(1) The outstanding employee stock options and the effect on shareholders' equity: None
(2) Names of managers and top ten employees who acquired employee stock options, acquisition and subscription: None.

6. Restrictions on the application of new shares of employees' rights: None
(1) The Company has not yet fully met the vesting conditions for the new shares with restricted employee rights and the impact on shareholders' equity: None.
(2) The names of managers and the top ten employees who acquired new shares with restricted employee rights and the circumstances of their acquisition: None.

7. Mergers and acquisitions of other companies shares and issuance of new shares: None
8. Capital utilization plan and implementation status: None

Chapter 5. Operation Overview

I. Business Content

(1) Business Scope

1. Main contents of the business operated
    A. Manufacturing, trading, import, and export of cobalt acetate and manganese acetate
    B. Manufacture, trading, import and export of cobalt compounds and manganese compounds
    C. Trading, import and export of cobalt and manganese metals
    D. Basic chemical industry
    E. Other chemical products wholesale industry
    F. Other chemical products retail industry
    G. Industrial auxiliary manufacturing industry
    H. Machinery and apparatus retail industry
    I. Fertilizer retail industry
    J. Management consulting
    K. Other petroleum and coal products manufacturing industry (lubricants)
    L. Petroleum products wholesale industry
    M. Petroleum products retail industry
2. Business weighting

Unit: NTD thousand

Products	2023		2022	
	Amount (in thousands)	Operating weight(%)	Amount (in thousands)	Operating weight(%)
Battery material related raw materials	695,099	30%	2,488,963	47%
Oxidation catalyst (with related raw materials)	1,621,265	70%	2,782,535	53%
Total	2,316,364	100%	5,271,498	100%

3. Current products and services of the Company.
    A. Manufacture, trading, import and export of cobalt acetate and manganese acetate.
    B. Manufacture, trading, import and export of cobalt compounds and manganese compounds.
    C. Trading, import and export of cobalt and manganese metals.
    D. Production, manufacturing, trading, import and export of battery raw materials.
    E. Manufacture, trading, import and export of cobalt bromide and manganese bromide.
    F. Recycling of catalytic waste.
4. New products (services) planned to be developed.
    A. Assist customers to establish high efficiency catalyst recovery system.
    B. Research and development of other industrial catalysts.
    C. R&D of cobalt soap.
    D. Research and development of PTA and battery material intermediate product recycling system.

Our main products are solid oxidation catalysts and liquid oxidation catalysts, which are sold in Northeast Asia, Southeast Asia and the Middle East, as well as in Europe and the U.S., where we are developing into a global transportation center. In recent years, battery materials and related raw materials have been developed and sold mainly in Japan and Canada, resulting in a promising future under the development of electric vehicles.

(2) Industry Overview

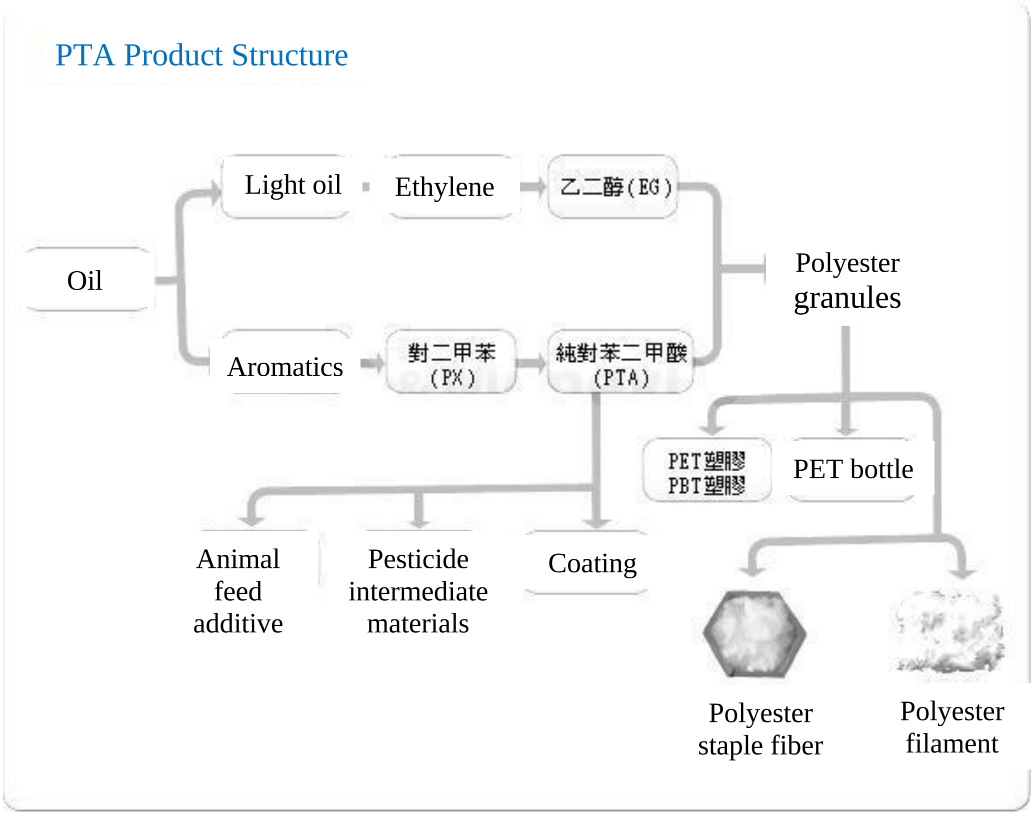
1. Current status of the industry

At present, the company's products are mainly divided into two major items, namely, oxidation catalysts and raw materials for battery materials (lithium and cobalt batteries in secondary batteries), and the current status of each industry is described below.

(1) Oxidation catalyst products:

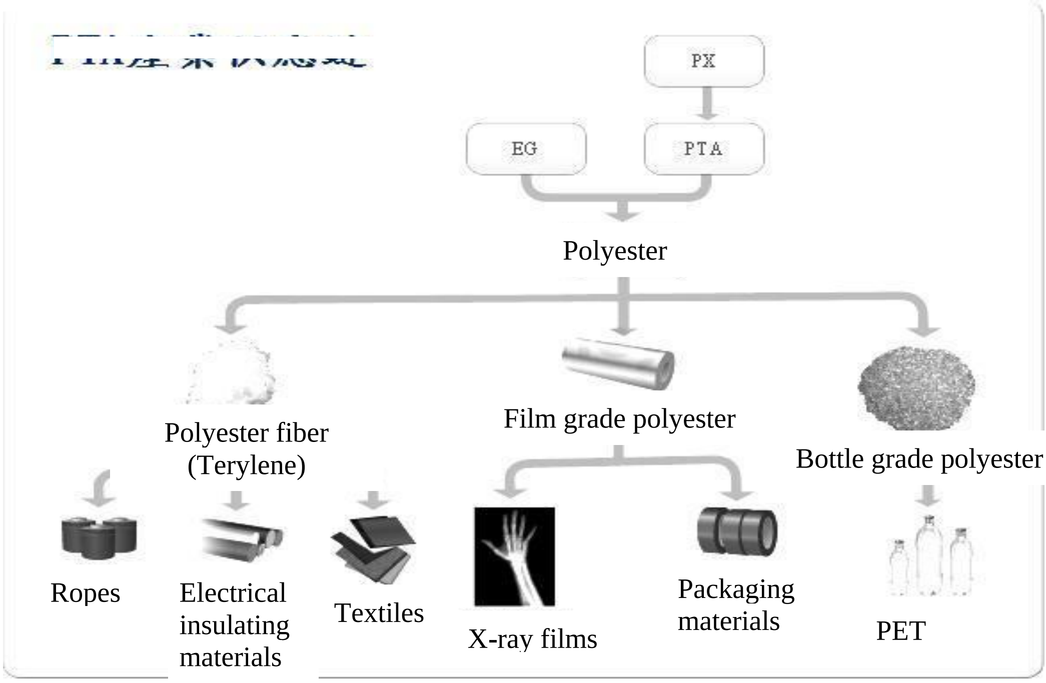
The main raw materials of oxidation catalyst are cobalt metal, manganese metal, bromic acid and glacial acetic acid, which are mainly supplied to downstream pure paraben dicarboxylic acid (PTA) manufacturers for production. It is an essential basic raw material for PTA production, since PTA oxidation catalyst must be utilized as long as PTA is produced. Therefore, the growth of this product is closely related to the PTA boom.

Pure Terephthalic Acid (PTA) is an important chemical fiber raw material, at room temperature is a white powder crystal, non-toxic, flammable, if mixed with air, within a certain limit of fire will burn.



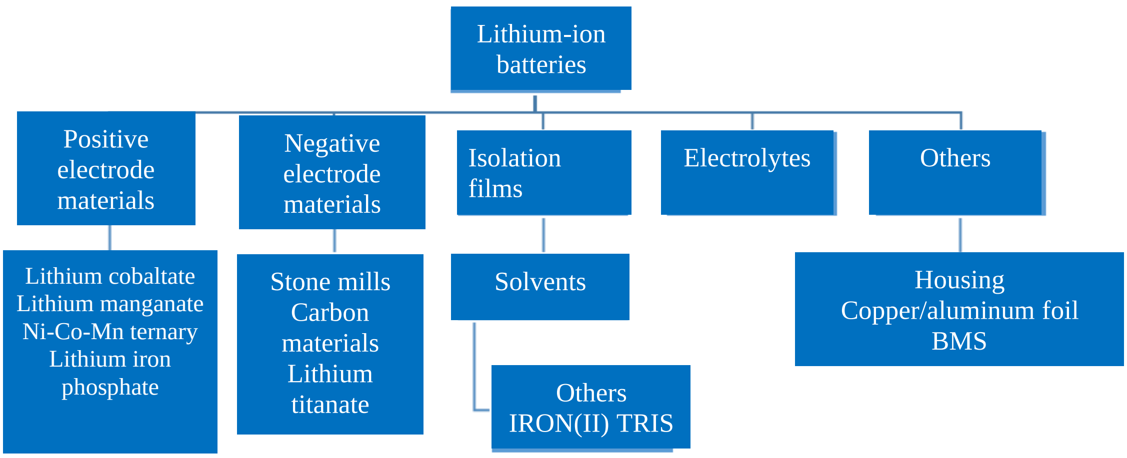
PTA is a downstream product of petroleum, which is extracted from crude oil through a series of processes, using PX as raw material and acetic acid as solvent, and oxidized by air under the action of catalyst to produce crude p-phthalic acid. The crude p-phenylene dicarboxylic acid is then refined with pure water, catalyst and hydrogenation to remove impurities, and then crystallized, separated, dried, and made into refined p-phenylene dicarboxylic acid products, i.e., finished PTA. The catalytic function of the catalyst is very important to the yield and quality of PTA, and therefore the quality and suitability of the PTA oxidation catalyst are highly required by the industry. The oxidation catalyst accounts for less than 0.5% of the cost of the PTA production process. However, the quality of the catalyst affects the production speed greatly, and the stability of the supply is also the main factor considered by PTA manufacturers. Hence, once used, it is not easy to replace. In addition, under the consideration of supply time, imported products do not pose a threat.

PTA is one of the important bulk organic raw materials, widely used in various aspects of national economy, such as chemical fiber, light industry, electronics, construction, etc. PTA is mainly used in polyester (polyester), including polyester fiber, polyester grain (PET) and polyester film in three categories, which currently more than 90% of the world's PTA is used in the production of polyester chips (PET). The remaining small amount is used in resin, adhesives and baking paint, etc. Polyester is used in the production of polyester fiber as the largest, to provide clothing (such as Tedolon, Prince Dragon, Taillie Ayia, clothing silk dragon, pearl dragon, Hualong silk, etc.), non-woven, tire curtain cloth, car seat belts, etc.; the second used in the production of polyester granules for the manufacture of plastic containers, such as beverage PET bottles (PET); polyester film to be used in video tapes, audio tapes, medical X-ray film and packaging materials, etc., the variety of application is deem extensive, widely used in video tapes, audio tapes, medical X-ray films, and packaging materials.



PTA production capacity is mainly concentrated in Asia, among which the mainland is the largest, surpassing Korea, Taiwan, and the United States, accounting for a quarter of the global PTA production capacity and a third of Asia, with its production and consumption being the first in the world. The main producers in China are subsidiaries of China Petrochemical Development Corporation, including Sinopec Yangzi Petrochemical, Yizheng Chemical Fibre, and Sinopec Shanghai Petrochemical, while other regions include Samsung of Korea, Mitsui Group of Japan, Formosa Chemicals & Fibre of Taiwan, and other internationally famous enterprises. Global PTA consumption is mainly concentrated in Asia and North America, especially in China, which is the fastest growing, accounting for nearly 50% of global consumption.

(2) Battery material products:



As the issue of climate change becomes a top policy priority for all countries, the trend of vehicle electrification is gradually taking shape. The four core "C.A.S.E." of future mobility - Connectivity, Autonomous, Shared and Electrified - will not only bring a century-long revolution in the traditional automotive industry, but will also create unprecedented business models for companies. Examining the progress of electric vehicles worldwide and forecasts, the electric vehicle market is forecast to continue to grow at a compound annual rate of 29% over the next 10 years, based on national policies on emissions and a ban on the sale of fuel-efficient vehicles.

Electric vehicles, as the name implies, convert the driving energy from gasoline to batteries, and there are many different types of batteries. Lithium-ion batteries have the advantages of high energy density, long cycle life, no memory effect, etc. They were applied in major portable consumer electronics products (including cell phones, notebook computers, and later tablet computers, etc.) in the early days. It was only when the electric vehicle industry emerged in recent years that future business opportunities exploded.

Lithium batteries are divided into ternary lithium batteries (used by Japanese automakers such as Honda and Suzuki), manganese lithium-ion batteries (BMW, Mitsubishi, etc.), and lithium-iron phosphate lithium-ion batteries (BYD, etc.), and each battery is further divided into four categories of materials: positive electrode material, negative electrode material, isolation film, and electrolyte, of which positive electrode material accounts for more than 50% of the cost of the battery. Anode materials are the main source of lithium ions and the key to the performance of lithium batteries.

According to ITRI data, a hybrid vehicle requires 20 times more batteries than a laptop, while the demand for pure electric vehicles is about 1,000 times greater than that for laptops, which represents an amazing potential business opportunity. The global sales volume of electric vehicles increased 160% in the first half of this year compared to the same period last year, which will increase year by year with a long-term trend.

According to the International Energy Agency's (IEA) Global Electric Vehicle Outlook report, the number of electric cars, trucks, trucks, and buses on the world's roads is expected to rise from 11 million this year to 145 million. If governments accelerate their climate targets, that number could skyrocket to 230 million by 2030.

Automobile majors and battery technology companies have been actively seeking ways to deal with battery waste for the past two years. In addition to responding early to the waste crisis, electric vehicles will generate a large amount of battery waste, and "recycling technology" represents a key research priority for the future Lithium annual demand is expected to exceed current production from mines as early as 2023; by 2050, demand for cobalt may also exceed known global reserves. The future will be directed toward lithium battery recycling.

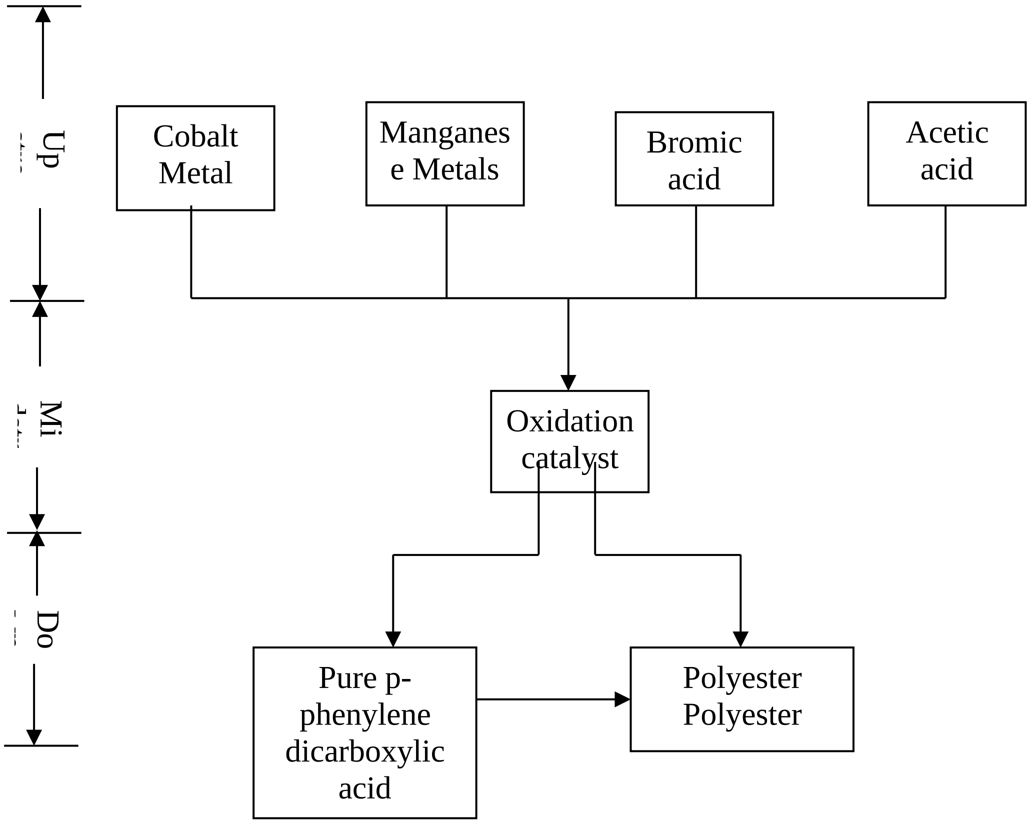
In the context of the continuous positive downstream application market, the anode material industry is also in the critical stage of technology upgrade and product replacement. At this stage, the choice of new projects to expand production capacity is to prepare for the next market explosion, and the second is for strategic planning considerations, through the multi-regional layout to help enhance its competitive strength in customer cooperation, service follow-up, and cost control is the main goal at present.

(3) Main products and their applications:

	Main application	End product
PTA oxidative catalyst	Catalyst for oxidation in PTS process	Clothes, bottles, tires, curtain
Battery materials	Industrial magnetic materials and lithium batteries	Electric vehicles, machine tools, 3C products, etc.

2 Upstream, midstream, and downstream industry linkages

(1) Chemical fiber PTA industry (oxidation catalyst)



(2) Battery material products (lithium batteries - battery materials):

In terms of the secondary lithium battery industry, it can be divided into three parts: upstream raw materials, midstream battery stamen manufacturing and assembly, and downstream applications.

The main raw materials of battery cells include electrodes (including positive and negative electrodes), electrolyte, isolation films and tanks. The raw materials account for more than 60% of the total manufacturing cost, among which the anode and isolation film account for the bulk of the material cost, accounting for 26% of the cost of battery materials, 23% of the isolation film materials, and 15% of the electrolyte. At present, the upstream raw materials of global batteries are mainly held by Japanese manufacturers, including Nichia Kagaku, Showa Denko International, Mitsubishi Chemical, and Nippon Denko. The scale of mass production and yield of battery cells is the source of competitiveness, because of the expensive investment equipment of battery cells, the gross margin only falls to about 20%. At present, the main source of battery cell supply is still Japanese and Korean manufacturers, including Japan's Sony, Panasonic, Maxell, and Korea's Samsung, LG, etc. There are also several manufacturers in mainland China that have reached mass production capacity, such as BYD, BAK, Lixin, Xinwang, etc. The downstream battery module is a combination of the battery cell and the circuit board designed by the manufacturer.

In terms of applications, notebook computers and handheld devices such as cell phones and PDAs have already gained a foothold in the market, but due to the slowing growth of the notebook market, the market has begun to shift to consumer electronics products. In recent years, the Taiwan government has encouraged domestic manufacturers to invest in the development of the electric vehicle industry chain, leading to the development of electric vehicles by domestic automakers, and many large-scale lithium-ion battery pilot projects for hybrid or pure electric vehicles are already in operation.

3. Various trends in product development

(1) Oxidation catalyst products:

About 40% of the catalyst with oxidation effect in the PTA production process is consumed with the product, and the remaining 60% is formed into waste ash containing cobalt and manganese or mixed in the wastewater, which is not easy to handle. Therefore, under the consideration of environmental protection requirements and energy protection, the manufacturers of catalysts should make two directions in the future, firstly, they should actively research and develop the recycling and reclamation technology of waste catalysts, which can indirectly reduce the cost of customers and extract the raw material of cobalt for reuse and can be applied to the production of other cobalt products. Hence, the raw material cost of the product can be greatly reduced, and at the same time, the goal of reducing the pollution level and enhancing the additional economic value of the product can be taken into account. In addition, the future market demand for catalysts will be oriented to high added value, high production rate and low pollution rate, so the future research and development direction of catalysts must take into account the objectives of lowest consumption, highest unit production capacity and least process by-products or pollutants.

(2) Battery material products:

According to the Xinhua News Agency, China will stop selling conventional fuel vehicles in China by 2025.
China will be the world's largest automotive market in the future and has the greatest potential for growth in the electric vehicle market. In order to solve the environmental pollution problem caused by the popularity of vehicles, China is actively promoting the development of the electric vehicle industry. Based on the policies of various countries to strictly restrict carbon emissions and promote the development of new energy vehicles, global sales of new energy vehicles are estimated to reach 12.92 million units by 2025 compare to approximately 2.7 million units in 2020, with a penetration rate of 13.7% from 3.9% and a compound growth rate of 37%.

4. Competition situation

(1) Oxidation Catalyst Products

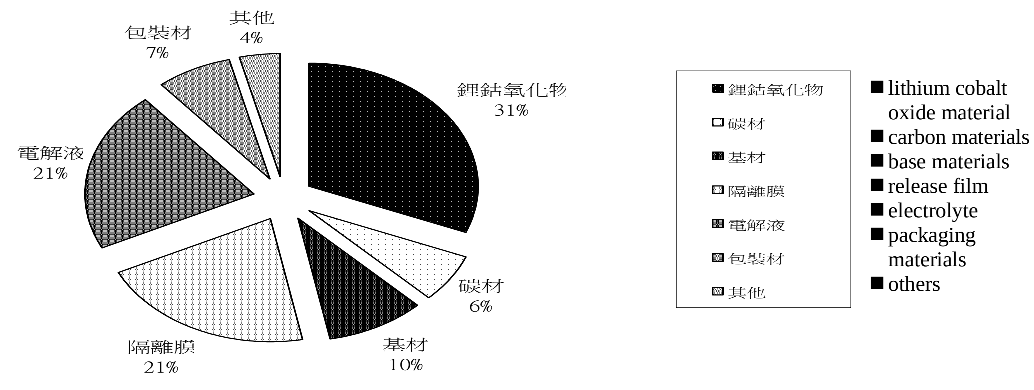
The PTA oxidation catalyst market is a special demand market, depending on the process and technology of PTA manufacturers. The requirements for catalyst formulation also vary, and therefore the PTA oxidation catalyst market is not a single standardized product market. Moreover, the oxidation catalyst accounts for less than 0.5% of the cost of the PTA production process, but the quality of the catalyst affects the production speed and quality very much. Hence, the main consideration for the use of a catalyst by each PTA plant is the suitability of its own process, the stability of the quality of the catalyst and after-sales technical service. As a result, it is not easy for PTA plants to change their catalyst suppliers once they have chosen them. At present, the domestic PTA oxidation catalyst industry is oligopolized by the Company, Kang and popular Fuyi, and the other three players and imported products do not pose a threat under the factor of supply time. In terms of downstream PTA customers, there are three domestic manufacturers of PTA, namely, China American Petrochemical, Taiwan Formosa Chemicals & Fibre Corporation and Oriental Petrochemical.

(2) Battery material products:

The Company will sell a portion of its production directly to Japanese customers with whom it currently has good relationships, and thus the following is the current situation and future development of the lithium battery market:

Currently, the quality and price of rechargeable lithium batteries - battery materials are limited by the neighboring country of Japan, due to the limited production of these materials in Japan and the high demand of Japanese battery manufacturers, which makes the battery materials not easily available outside of Japan. However, the demand for portable and rechargeable secondary batteries is increasing in the global consumer market. Therefore, the main key factor affecting the production of batteries today is the source and quality of battery materials. Japanese suppliers supply higher-quality battery materials to Japanese battery manufacturers, while inferior goods are supplied overseas. Battery manufacturers need high-quality battery materials to produce good-quality lithium batteries, and the vitality and competitiveness of China's secondary battery manufacturers are still restricted by Japan.

As for the composition of lithium ion secondary batteries, the battery material employed, lithium oxide material, can be divided into three types: lithium cobalt oxide material, lithium nickel oxide material, lithium manganese oxide material, etc. Currently, lithium nickel and lithium manganese oxide materials are not yet popular, which makes lithium cobalt oxide material the most important material affecting the production of lithium batteries today, accounting for more than 30% of the material cost of all materials used in the production of batteries (see Figure 1).



(3) Technology and R&D Overview

1. The main production technology of our oxidation catalyst products is imported from MECHEMA, UK.

With the relevant experience of our R&D team and accumulated through continuous efforts, the company continues to train and absorb domestic technical experts in order to upgrade our technology. In addition to the matured main product "oxidation catalyst" and cobalt and manganese recycling technology, we have developed new technologies for recycling LED electronic waste (eGa) and touch panel material (ITO) in line with the industrial trend in Taiwan and have been approved by the Industrial Development Bureau of the Ministry of Economic Affairs and the Environmental Protection Administration. After the Industrial Development Bureau of the Ministry of Economic Affairs and the Environmental Protection Administration listed the waste cobalt-manganese catalyst (R-1401) and cobalt-manganese dust ash (R-1103) as items for reuse, two new projects have been applied, (C-0201) gallium acid and (C-0202) gallium alkaline, with the aim to contribute to environmental protection and resource recycling. After the mass production of electronic-grade nickel sulfate and the commissioning of its production line, the quality and production capacity have been improved and related materials for the electroplating and battery market have been developed.

2. Future development direction of R&D work

The recovery of cobalt metal from waste cobalt manganese catalysts has matured. The company is currently developing other electronic wastes such as LED and panel while introducing new powder pelletizing and molding technology for lithium cobaltate or ternary battery materials in lithium secondary batteries.

3. Continuing to develop and develop precursors for energy storage materials, including mono, binary, and ternary, as well as magnetic materials, etc.
4. Research and development staff and their academic experience

Annual Education	2023	2022	March 31, 2024
College (including) or above	3	4	2
High School	-	-	-
Below high school	-	-	-
Total	3	4	3

5. Annual investment in research and development for the last five years and the development of successful technologies or products

A. Research and development expenses for the last five years

Unit: NTD thousand

Annual	Research and development costs	Operating revenues	Percentage of operating revenues
2019	15,756	3,314,587	0.48%
2020	14,544	2,234,584	0.65%
2021	11,288	4,126,416	0.27%
2022	14,450	5,271,498	0.27%
2023	15,300	2,316,364	0.66%

Note: R&D expenses are expected to be 0.3%-0.6% of revenue by the end of 2024.

B. R&D results for the last five years

Project	R&D Results	Benefit Description
New Recycling Technology	Recovery of metals from CTA residues and MLRU and re-production of catalyst	1. Reduce cost to enhance competitive advantage. 2. Improve the efficiency of output increase. 3. Assist customers to treat waste catalysts and increase their recycling benefits.
Process Improvement	Reducing the impurities of battery material mother liquor	1. The defective rate is reduced from 3% to 0.5%, reducing the heavy industry rate by this. 2. Quality improvement is recognized by customers to enhance business reputation.
New Product Development	Ternary battery material electronic grade nickel sulfate	1. Trial production and mass production SOPization. 2. We have developed new customers in the United States, Japan and Korea.
New Recycling Technology	Gallium recovery from LED production lines	1. Recovery of precious metals. 2. Green recycling industry.

(4) Long- and short-term business development plans

1. Short-term business development plan:

A. Enhance product quality management and quality control capability to improve product quality. The company has passed the ISO-9001:2015 quality management system certification and obtained ISO14001:2015 environmental management system certification, aiming to continue to implement quality policies and comply with environmental protection regulations.

B. Establish overseas production bases to supply products nearby and expand production scale to increase market share and maintain stable growth in sales.

C. Expand the existing marketing channels to increase the market share in China, and actively expand the sales cooperation with the major domestic manufacturers.

D. Promote our catalyst recycling process and equipment to increase revenue from waste catalyst recycling benefits.

E. Strengthen the service to the existing customers to maintain the long-term cooperation relationship. Our company is committed to providing perfect after-sales service and assisting customers to recycle waste catalysts in order to maintain a long-term relationship with customers.

F. To meet the capital requirements for business expansion and to increase capital or borrow from banks in a timely manner without affecting profitability.

2. Long-term business development plan:

1. Making good use of the key raw materials, to attract the Japanese and Korean manufacturers to cooperate
2. Setting up factories around the world to serve customers nearby
3. Providing comprehensive solutions to develop a circular economy and enhance added value

2.Market, production and sales overview

(I) Market Analysis

1. Sales (provision) of the Company's major products (services) by region

Unit：NTD thousand

Annual		2023		2022	
Area		Amount	Ratio (%)	Amount	Ratio (%)
Domestic Sales		950,855	41%	2,911,706	55%
Export	Asia	1,221,989	53%	1,734,559	33%
	Non-Asian	143,520	6%	625,233	12%
Operating revenue		2,316,364	100%	5,271,498	100%

Since the establishment of our company, we have been engaged in the professional production of PTA oxidation catalysts. Currently, there are three domestic manufacturers of PTA oxidation catalysts, including our company, Coremax, and Full Yield.

3. Future market supply and demand and growth

Since the PTA oxidation catalyst is a special catalyst used in the PTA production process, its market demand is inseparable from the prosperity of the PTA market. The worldwide demand for PTA continues to increase, and there is still a huge gap between supply and demand for many synthetic fiber raw materials in Asia and other countries around the world. In fact, there is still much room for growth in the PTA market. Currently, the main market of PTA products in Asia, coupled with Asia's vast hinterland and easy access to land, the world's large multinational petrochemical companies are all taking Asia's huge market demand as their target market, and are actively planning to enter the Asian market by building large petrochemical industry zones in the coastal areas of China.

4. Competitive niche

A. Mature process technology and stable product quality

Our company has accumulated many years of production experience and is dedicated to the improvement of production technology, production equipment and product quality. Since our company was established, the turnover rate of employees is low and the head of the production department has served in the industry for many years and is familiar with the procedures and techniques of product manufacturing. For our sales customers, the use of catalysts is related to the smoothness of their overall production process, while the use of catalysts by users is based on a combination of factors such as the quality and stability of the catalysts, process suitability as well as production efficiency. This is conducive to the company's stability in the existing market and the expansion of new markets.

B. Rich professional experience and recycling technology

Our business and technical teams have cultivated many years of experience in the industry and have extensive expertise in industry research, production technology as well as products. We are able to provide complete after-sales service to our sales customers with our extensive and professional catalyst technology while assisting customers in effectively solving problems with the use of our products, which helps to build our reputation and consolidate our relationship with our customers. At the same time, our company has a number of high-efficiency catalyst recycling patented technology, that is helpful to recycle metal and create recycling value back to customers, creating a four-win situation - environmental protection, customer, supplier, and Mechema International Group.

C. Establish overseas production and sales bases to provide immediate service

In order to grasp the pulse of overseas markets, the Company has invested in Indonesia, Thailand, Korea and China (Shangyu) since 1999 to set up production and sales bases to provide immediate product support and services in order to enter the local markets smoothly.

The establishment of overseas production and sales bases will not only reduce the risk of excessive concentration of domestic sales, but also actively develop overseas markets and break through the limited development restrictions of the domestic market.

D. Independent research and development capabilities

We set up an R&D department in 1998 and hired Japanese consultants to provide technical guidance while actively cultivating and establishing a dedicated R&D team. Our initial R&D goals aim to improve existing processes, provide production efficiency and recycle precious metals.

5. Favorable and unfavorable factors of development prospect and countermeasures

A. Favorable factors:

(A) The downstream product PTA is widely used and has a solid demand for oxidation catalysts

(B) High added value of oxidation catalyst

(C) No other substitutable products

(D) Matured recycling technology

(E) The quality of battery material-related raw materials recognized by Japanese customers, with the subsequent development of related products reaching upstream and downstream integration.

(F) Leading market share in the industry

(G) Good financial performance in terms of financial structure, solvency, and profitability

B. Disadvantageous factors and countermeasures: the number of PTA production plants is limited, so that their sales targets are more concentrated

C. Specific measures in response:

(A) Establishment of overseas subsidiaries to actively expand the international sales market

(B) To actively explore the sales of Polyester manufacturers downstream of PTA in order to improve the concentration of sales targets

(C) To distribute and sell other process catalysts with new products developed to enrich the Company's product portfolio

(2) Important applications and production processes of major products

1. Main product applications

Category	Main Products	Important Uses
Oxidation Catalyst - Liquid	Manganese acetate, cobalt acetate, cobalt bromide, manganese bromide	Catalyst for oxidation reaction in PTA process
Oxidation Catalyst - Solid State	Cobalt acetate crystals manganese acetate crystals	Polyester coloring agent, catalyst for oxidation reaction in PTA process
Battery material related raw materials	Cobalt sulfate, nickel sulfate, nickel oxide	Cobalt sulfate is used in ceramic glazes and paint catalysts, also used in electroplating, alkaline batteries, analytical reagents, etc.
Others	Machinery and equipment, cobalt, manganese, nickel Bromic acid, antimony trioxide	Agency, sales and other business

2. Production process
Our products can be divided into solid and liquid oxidation catalysts and magnetic materials, and the breakdown of these products varies depending on the customer's application:

Flow chart of oxidation catalyst production:

Raw material → reaction → intermediate product → blending → storage → liquid finished product

Flow chart of battery material production:

Raw material → reaction → intermediate product → reaction → drying → sintering → packing → solid finished product

(3) The supply of major raw materials

Main raw materials Project	Domestic Supplier	Foreign Supplier	Production Area	Supply Status
C	-	A	Americas / Africa / Australia	Stable and adequate
M	-	B	Asia	Stable and adequate
H	-	C	Asia	Stable and adequate
N	-	V	America	Stable and adequate

(4) The last two years accounted for more than 10% of the total amount of imports and sales of the names of customers and the amount and proportion of imports (sales), and explain the reasons for the increase or decrease in changes

1. Information on major suppliers in the last two years

Unit: NTD thousand；%

	2022				2021				2023 as of the previous quarter			
Project	Name	Amount	As a percentage of net imports for the year [%].	Relationship with the Issuer	Name	Amount	As a percentage of net imports for the year [%].	Relationship with the Issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter	Relationship with the Issuer
1	M Manufacturer	854,094	17%	None	S Manufacturer	512,777	28%	None	N Manufacturer	92,599	27%	None
2	N Manufacturer	705,531	14%	None	N Manufacturer	368,652	20%	None	S Manufacturer	52,805	15%	None
3	D Manufacturer	609,130	12%	None	L Manufacturer	94,027	5%	None	H Manufacturer	31,587	9%	
4	Other	2,745,094	57%	None	Other	836,189	47%	None	Other	165,202	49%	None
	Net Purchases	4,913,849	100%		Net Purchases	1,811,645	100%		Net Purchases	342,193	100%	

Description: In 2022, M, N, and D manufacturers are more competitive in purchasing cost, so the proportion of imports is more than 10%.

2. **Information on major sales customers in the last two years**

Unit: NTD thousand；%

	2022				2023				2024 Year ended the previous quarter			
Project	Name	Amount	As a percentage of net sales for the year [%].	Relationship with the Issuer	Name	Amount	As a percentage of net sales for the year [%].	Relationship with the Issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter	Relationship with the Issuer
1	Mechema Toda Corporation	2,488,963	47%	Joint Ventures	Mechema Toda Corporation	695,099	30%	Joint Ventures	Mechema Toda Corporation	80,096	14%	Joint venture
2	Other Clients	2,782,535	53%	None	Other Clients	1,621,265	70%	None	Other Clients	474,668	86%	none
	Net sales	5,271,498	100		Net sales	2,316,364	100		Net sales	554,764	100	

Description: The Company's main customers, which accounted for more than 10% of the total sales in the last two years, are Mechema Toda Corporation. The main products are battery material-related raw materials.

(5) The last two annual production volume

Unit: Tonnes; NTD thousand

Year / Production volume and value / Main products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Oxidation Catalyst	28,000	24,805	4,760,738	28,000	21,607	2,082,298
Total	28,000	24,805	4,760,738	28,000	21,607	2,082,298

(6) The last two years of sales volume value

Unit: Tonnes; NTD thousand

Year / Production volume and value / Main products	2022				2023			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Oxidation Catalyst	3,002	290,826	22,835	2,359,791	2,762	237,954	19,243	1,359,177
Battery material related raw materials	1,810	2,620,881	0	0	895	719,233	0	0
Total	4,812	2,911,707	22,835	2,359,791	3,657	957,187	19,243	1,359,177

3. Worker information for the last two years

Annual		2023	2022	March 31, 2024
Number of employees	Direct Staff	19	22	20
	Indirect Staff	37	33	34
	Total	56	57	54
Average age		42	40	43
Average Length of Service		8	7	10
Education Distribution Ratio (%)	PhD	1	1	1
	Master	8	6	8
	University	25	23	22
	Junior college	7	8	7
	High School	12	14	13
	Below high school	3	3	3

4. Environmental Expenditure Information

The total amount of losses and penalties incurred by the Company for polluting the environment in the year 2023 and up to the date of printing of the annual report, as well as disclosing its future countermeasures (including improvement measures) and possible expenses:

However, in order to fulfill our responsibility as global citizens and to protect the environment, we are committed to reducing the use of heavy oil in response to the change in policy. Since heavy oil is a highly polluting fuel, the Company has switched to natural gas as an environmentally friendly alternative and has been awarded 2 stars by the Environmental Protection Administration of the Executive Yuan for the first "Waste Resource Recycling Economy Assessment". With the ISO14001:2015 environmental management system certification approval, the Company has been certified to ISO 14067-1 Carbon Footprint Verification and are currently undergoing certification to ISO 14064-1:2018 Greenhouse Gas Inventory, IATF16949:2016 Automotive Quality System Standard, and "ISO 45001:2018" Occupational Safety and Health Management System. The company not only produces reliable products but also complies with environmental protection regulations.

(1) Environmental Management

With the aim to cherish the earth's ecological resources and reduce the environmental impact caused by the manufacturing process of our products, we have set up an occupational safety unit in the general manager's office and assigned staff to supervise and manage environmental and safety issues, and scheduled internal training while having staff to attend government courses on environmental safety and pollution prevention to enhance the concept of environmental safety so as to promote daily environmental protection and energy saving in monthly meetings:

Energy saving and carbon reduction	Promoting energy conservation by turning off water and electricity at will Office LEC energy saving light fixture replacement and automatic sensor switches Air conditioning temperature control in summer Reduce emissions by turning off the engines of all vehicles in the plant when they are in standby mode Recycled paper printing or duplex printing to reduce paper usage Reduce paper usage by promoting electronic documents across the board Use of natural gas instead of heavy oil consumption Purchase of energy-saving equipment Full online forms
Waste Reduction	Set up resource recycling bins for waste separation and recycling In the process control, the effort to shorten the production process while reducing the use of solvents, dust, waste water and waste generation. Create a safe and healthy working environment with no waste, less waste

	and clean process production. Promoting self-carrying garbage has reduced the amount of domestic waste

We have obtained ISO 14001 environmental management system certification to strengthen our responsibility for environmental protection and to introduce the concept of greenhouse gas inventory and carbon footprint. In the process of product development and design, manufacturing, transportation and waste disposal, we consider the possible impact on the environment and therefore set the following environmental standards as our highest principles in environmental protection work.

1. Follow environmental regulations to promote environmental protection.
2. Pollution prevention, regular review and review of the environment.
3. Continuous improvement, full implementation, and construction of a safe operating environment.

(2) Energy Resources Management

The Company's main energy resource are purchased power and naturel gas. in order to effectively reduce the impact of the greenhouse effect on the environment, we are dedicated to continuing to promote energy-saving operations. In addition to implementing the ISO14001:2015 environmental management system, we are working towards lowering energy consumption and reducing CO2 emissions in order to achieve a win-win situation in terms of reducing global warming greenery and operating costs.

The catalyst itself is composed of cobalt and manganese bromine, both of which are metals and cannot be vaporized. Therefore, Mechema opts for water for production operations and cleaning in the production process.

We recognize that water resources are limited and have implemented a number of water recycling and conservation measures in our manufacturing process to cherish water resources.

1. A condensate buffer collection tank is added to recover all the condensate from the original boiler when the steam condensate tank overflows.
2. A steam separator and a condensate recovery pipe are added at the end of the steam line to recover all the condensate in the steam line.
3. The cooling water temperature is controlled and the tower fan is stopped with a low cooling water temperature reducing splash loss. The current water recovery measures are quite successful.

As for the use of heavy oil, the Company has obtained a permit from the environmental protection unit and uses it in accordance with the regulations. Since 2014, the use of heavy oil has been reduced due to changes in product items. Since heavy oil is a highly polluting fuel, the Company has switched to natural gas as an environmentally friendly alternative.

In order to reduce the environmental impact caused by production activities, the company has implemented a series of control measures in order to make full use of products or raw materials and even recycle them.

In addition to source control, for the purpose of maximizing the effectiveness of our products and raw materials, we hold regular meetings to instruct the relevant units to speed up the processing or reuse of poor materials or defective products generated during production.

Apart from improving the efficiency of energy and resources in production, tanker truck carries out product delivery to reduce the use of barrel packaging materials. Moreover, the wooden pallets used for export are not easily recyclable due to the high loss of wood pallets and a large amount of deforestation, which leads to the reduction of forest land and destruction of forests, resulting in the greenhouse effect of the earth and the environmental burden caused by the need for smoky treatment of drugs. The company is committed to energy saving and waste reduction in all aspects and planting greenery in the factory to do our part in environmental protection.

Electricity Usage in the Last 2 Years

Year	2023	2022	2021
Annual consumption (degrees)	4,439,380	5,199,787	5,141,626
Individual production capacity (tons)of oxidation catalyst	9,403	12,635	13,852

Electricity consumption per ton of product (kWh)	472.12	411.54	371.18
Individual revenue in thousands of dollars	1,833,738	5,110,732	3,835,476
Electricity consumption intensity degree/thousand yuan	2.42095	1.01743	1.34054

Recent Annual Natural gas Usage Status

Year	2023	2022
Yearly usage (tons)	323,143	114,199
Individual production capacity (tons)of oxidation catalyst	9,403	12,635
Electricity of natural gas per ton of product (ton)	34.37	9.04

Remark: The usage of steam started in October 2022

Total energy consumption

The main energy sources used by the Company are purchased natural gas and purchased electricity in the production process, and the total energy consumption for the past two years is as follows:

Item	Unit	As a percentage of total energy consumption	Year 2023	Year 2022	Year 2021
Purchased Power	GL	57%	15,982	18,719	18,510
Purchased heavy oil	GL	0%	0	4,317	3,529
Purchased natural gas	GL	43%	12,169	4,300	-
Total energy consumption	GL		28,151	27,337	22,039
Total Revenue	thousand dollars		1,833,738	5,110,732	3,835,476
Energy intensity	GL/Thousand dollars		0.0154	0.0053	0.0057

Purchased electricity as a percentage of the Company’s total energy consumption: 57%.

The Company’s renewable energy utilization rate and total self-consumption of energy were both 0%

Quantitative management of energy saving and carbon reduction in the future

Quantitative management of energy saving and carbon reduction: The Company's future quantitative measures for energy saving and carbon reduction: Since heavy oil is a highly polluting fuel, we have applied to CNPC to use natural gas to replace the consumption of heavy oil.

In order to reduce the environmental impact caused by production activities, the company has implemented a series of control measures in order to make full use of products or raw materials and even recycle them.

In addition to source control as well as to maximize the effectiveness of our products and raw materials, we hold regular meetings to instruct the relevant units to speed up the processing or reuse of poor materials or defective products generated during production.

In addition to improving the efficiency of energy and resources in production, the company also employs tanker trucks in the delivery of products to reduce the use of barrel packaging materials. Besides, the wood pallets used for export are not easy to be recycled owing to the high loss of wood pallets, as well as a large amount of deforestation, resulting in the reduction of forest land and the destruction of forests, which causes the greenhouse effect on the earth. Furthermore, it is necessary to be treated by smoky drugs, which poses a burden on the environment, and thus our company actively coordinates with customers to use plastic pallets instead of wood pallets for shipment, which can be returned and reused.

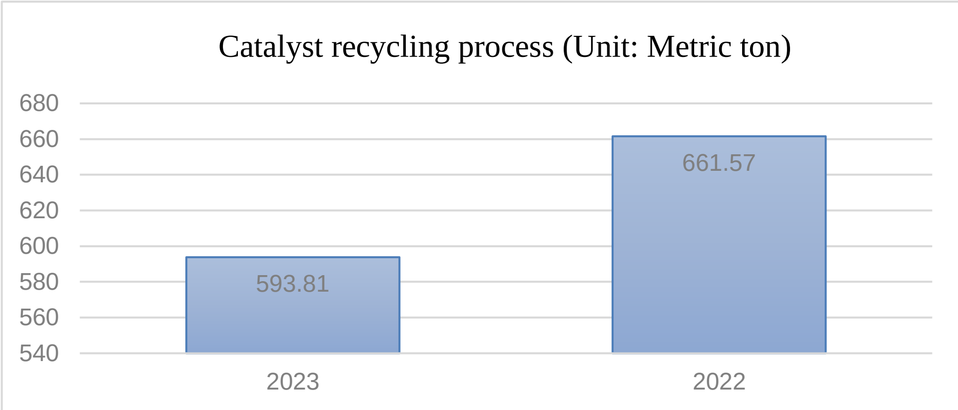
Statistics on the use of packaging materials and unit consumption for the past two years:

Package Statistics	2023	2022
Amount of package materials(dollar)	1,653,458	2,749,054
Production weight (ton)	46,890	79,586

Average amount (dollar)/metric ton	35	35

(3) Green Products

Catalyst recycling

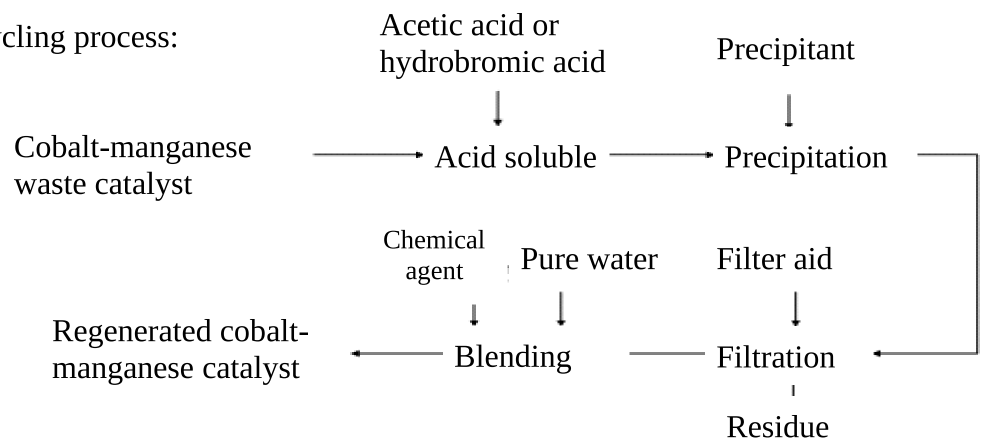


The slurry (cobalt ash) of crude paraben dicarboxylic acid (CTA) residue of cobalt and manganese catalyst contains about 0.3~0.4% of valuable recoverable metal elements such as cobalt and manganese, which are left in the liquid phase aqueous solution. The slurry also contains some organic condensate of about 10~20%, and the rest is mostly water accounting for about 70%. In the past, the above CTA residue slurry was mostly treated by high-temperature heat treatment of waste liquid, after the high-temperature heat treatment, valuable metals such as cobalt and manganese formed high-value oxidation ashes, which are difficult to recover and cause waste. As a result, a lot of heavy oil energy is applied to vaporize the water in the slurry during the heat treatment process, which not only causes invisible waste of valuable metals such as cobalt and manganese but also consumes a lot of energy and causes a lot of greenhouse gas emissions in the environment. The heat treatment process results in a tangible waste of valuable metals such as cobalt and manganese, while also consuming a lot of energy with large amounts of greenhouse gas emissions in the environment.

In the CTA residue slurry, the valuable recoverable elements such as cobalt and manganese, which contain about 0.3~0.4% of residual cobalt and manganese, are removed through a series of organic coagulation and metal precipitation filtration and dewatering to increase the valuable metal content of cobalt and manganese in the filtered sludge cake to more than 5% for the subsequent recycling process.

Recycling process:

Recycling process:



The recycled products can be used as oxidation catalyst for CTA process, which can save the cost of cobalt and manganese catalysts and indirectly reduce the operation cost of customers as well as the landfill of waste, achieving a win-win situation for the company, customers, and the environment.

(4) Greenhouse gas and air pollution emissions and climate-related information

Climate-related information

Basic information of our company	According to the Sustainable Development Pathway for listed companies, at least the following should be disclosed	
☐ Companies with capital of over $10 billion, steel industry, cement industry	■ Parent Company Personal Inventory	☐ Consolidated financial reporting subsidiary inventory
☐ Companies with capital of more than $5 billion and less than $10 billion	■ Parent company financial statements	☐ Consolidated financial statements of subsidiaries
■ Issues for companies with less than $5 billion in capital		

The Company's paid-in capital was $749 million, and in accordance with the reference guidelines and related regulations issued by the competent authorities.

The following table shows the completion of the continuous control of the greenhouse gas inventory and the completion of the verification and disclosure schedule:

Item	Work Item	Estimated Completion Time
1	To establish the "Greenhouse Gas Inventory and Verification Management Regulations" in order to standardize professional/part-time units, assess the number of professional/part-time personnel and the scope of duties as well as internal verification units	By the end of December 2023
2	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2023
3	Professional training for internal auditors and internal investigators	By the end of September 2024
4	Develop strategic objectives and control mechanisms	By the end of December 2024
5	Planning for internal and external audits	By the end of December 2024
6	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2024
7	Each unit began in 2025 according to the actual quarterly inventory and record the amount of greenhouse gases	By the end of December 2025
8	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2025
9	The parent company completed the greenhouse gas inventory for the year 2025.	By the end of December, 2026
10	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December, 2026
11	Completed the greenhouse gas inventory for the year 2026	By the end of March, 2027
12	Internal verification-completed in 2026 of internal verification of greenhouse gases	By the end of September, 2027
13	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December, 2027
14	Consolidated subsidiaries complete the greenhouse gas inventory in 2026	By the end of December, 2027
15	External verification-completed in 2027 of external (third-party) greenhouse gas verification operations	By the end of June, 2028
16	Completed the 2027 Annual Greenhouse Gas Report	By the end of September, 2028
17	Completion of related information system construction	By the end of December 2028
18	The parent company completed the consolidation of greenhouse gas confirmation for the year 2027	By the end of December 2028
19	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2028
20	Completion of the 2028 Annual Greenhouse Gas Report of the Consolidated Subsidiaries	By the end of September 2029
21	Consolidated subsidiaries complete the greenhouse gas confirmation process for the year 2028	By the end of December 2029
22	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2029

4.4.1. Climate related information implementation situation

Item	Execution
1. Describe the Board's and management's oversight and governance of climate related risks and opportunities.	The Board of Directors is the highest level of responsibility for climate change related risk management, while its Risk Management Committee and Sustainable Development and Responsible Minerals Committee are responsible for regularly monitoring the implementation of climate change related risks and opportunities, respectively.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term.	Detailed climate risk management and opportunity management instructions
3. Describe the financial impact of extreme climate events and transformational actions.	Id.
4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system.	Id.
5. If situational analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and key financial impacts should be described.	Id.
6. If there is a transformation plan for managing climate-related risks, describe the contents of the plan and the indicators and targets for identifying and managing physical and transformation risks.	Id.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.	No internal carbon pricing plan yet
8. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement, etc. should be stated; if carbon offsets or renewable energy certificates RECs are used to achieve the relevant targets, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates RECs should be stated.	Detailed climate risk management and opportunity management instructions
9. Greenhouse gas inventory and confirmation of the situation and goals, strategies, and concrete action plans (indicated separately in 1-1 and 1-2).	The implementation of the climate change situations

4.4.2. Climate Risk Management

Risk Type		Climate Risk	Topic Impact	Influence Timeline	Production Base	Value Chain Impact	Financial Impact	In response to the measures
Transitional Risk	Policy and Regulatory Risks	International Standards	We have introduced different system certifications and invested additional promotion and management costs to ensure the achievement of customer requirements.	Short-term	All Locations	Market / Supply Chain	Increased operating costs	Establish a corporate sustainability committee and actively promote ESG as a
	Policy and Regulatory Risks	Energy tax regulations	In order to comply with the regulations, the company has invested in energy saving and carbon reduction measures, such as the replacement of old equipment that does not meet the new energy efficiency regulations, resulting in increased operating costs.	Short-term	All Locations	Factory	Increased operating costs	Set "Energy Sustainability 2030" carbon reduction targets and incorporate them into the KPI of each production site

	Market Risk	Customer behavior change	The gradual improvement in energy efficiency of the products may increase the operating cost for the customers, and may affect the investment willingness of the stakeholders or risk the cancellation of orders if the standards of the customers are not met.	Short-term	All Locations	Market / Supply Chain	Increased operating costs	Set renewable energy use and carbon reduction targets that meet customer requirements
Physical Risk	Acute Risk	Increasing the severity of extreme weather events	Extreme weather events such as typhoons, tropical cyclones and rainstorms are becoming more frequent and more severe. As a result, there is a risk of flooding of plants and damage to equipment and facilities due to strong winds and soaking water.	Long Term	All Locations	Factory	Increase in operating costs Decrease in revenue	Continuous investment in disaster prevention equipment and drainage system maintenance

4.4.3 Climate Opportunity Management

Type of Opportunity		Topic Impact	Influence Timeline	Production Base	Value Chain Impact	Financial Impact	In response to the measures
Resource Utilization Efficiency	Adopt more efficient production and distribution processes	Reduced and lighter use of packaging materials, and the introduction of carbon reduction production in the plant	Short-term	All Locations	Market / Supply Chain	Reduce operating costs	Promote design standardization to help automate the construction of production processes to continue to lead to automated equipment.
	Recycling	Increasing the development of recyclable materials ,	Short-term	All Locations	Factory	Increase revenue	Evaluate and develop products with a certain percentage of recycled materials in the manufacturing process. Strengthen supply chain cooperation to develop recycled products.
Products and Services	R&D headquarters and innovation of new products and services	In addition to the possible increase in operating costs due to the gradual improvement in energy efficiency of products, failure to meet customers' standards may also affect stakeholders' willingness to invest and may result in order cancellation.	Short-term	All Locations	Market / Supply Chain	Increase revenue - Enhance reputation and image	The company continues to cooperate and exchange with major universities and colleges to strengthen our R&D capability and enter new markets through strategic alliances.

	Development of low carbon products and services	Extreme weather events such as typhoons, tropical cyclones and rainstorms are becoming more frequent and more severe. Therefore, there is a risk of flooding of plants, damage to equipment and facilities due to strong winds and water immersion, etc.	Mid-term	All Locations	Factory	Increase revenue	Develop forward-looking technologies to grasp market trends and customer needs.

4.4.4. Transformation Risk Situation Analysis

The transition risk will affect the company's investment and profitability, resulting in financial risk. Governments around the world are revising their policies and laws in response to climate change issues, and are proposing carbon fees, taxes, and carbon trading mechanisms to regulate carbon emissions; clients are also responding to demands for product efficiency and carbon emission control.

In the future, the SBTi 1.5℃ scenario and the social cost of carbon price scenario will be used to evaluate the carbon price risk of the company in the process of carbon reduction based on the scientific basis and to use different scenarios to estimate the future carbon reduction risk and the expected operating impact caused by the pressure of carbon price increase as a reference for the company's carbon reduction cost and operating decision. Later, plan and construct an adaptation strategy in advance. In addition, we will mitigate the risk impact through strategies such as operational efficiency improvement, green power procurement evaluation as well as product design energy efficiency improvement, so as to evaluate and consider new business investments to create negative carbon assets to avoid the impact on assets and revenue due to the impact on productivity and market demand caused by transformation risks.

4.4.5 Physical Risk Situation Analysis

Climate change will lead to long-term changes in living conditions, affecting people's health, labor productivity, agriculture, ecosystems, and sea level rise, as well as changing the frequency and severity of severe weather events such as heat waves, droughts, wildfires, typhoons, and floods.

Global warming will lead to an increased risk of heavy precipitation and flooding at each of our operating sites. Future flooding potential under the RCP 8.5 warming 4.3°C scenario (2036-2065). According to the analysis, the location of the freshwater plants is not directly exposed to high hazard-vulnerable flooding sites under the base period, and there are no incidents of operational losses due to flooding at the plants, with the remaining production sites assessed to have no immediate risk.

4.4.6 Climate performance

4.4.6.1 Greenhouse gas inventory and assurance in the most recent two years

Area 1: The total amount of direct carbon emissions in 2023 is not available for disclosure because the related inventory operation has not been established yet. However, we have arranged for an external organization to certify and will gradually establish the inventory operation and disclose it by the end of December 2025 in accordance with the law.

Year	2023	2023	2022	2022		
Area 2	Total emissions	Intensity	Total emissions	Intensity	Confirmation Agency	Confirmation of information (Note 3)
	(metric tons CO2e)	metric tons CO2e/ million	(metric tons CO2e)	metric tons CO2e/ million (Note 2)		
Parent Company	2,902	1,583	3,198	625	NA	NA
Subsidiaries	Continuously built according to the law	Continuously built according to the law	Continuously built according to the law	Continuously built according to the law		
Total	2,902	1,583	3,198	625		

Area 2: Indirect emissions generated by the company's own use for purchased electricity, water, and steam.

The CO2 emission scenarios in the most recent two years for the total emissions are as follows:

item	Unit	2023	2022	2021
Purchased tap water	kg CO2	16,346	17,802	16,198
Purchased Power	kg CO2	2,223,318	2,629,188	2,608,723
Purchased heavy oil	kg CO2	0	317,078	259,143
Purchased natural gas	kg CO2	662,443	234,108	-
Total greenhouse gas emissions	kg CO2	2,902,195	3,198,176	2,884,064
Individual revenue	thousand dollars	1,833,738	5,110,732	3,835,476
CO intensity	CO / thousand dollars	1.5827	0.6258	0.7519

Remark: The usage of natural gas started in October 2022.

4.4.6.2 Greenhouse gas assurance information: Description of the assurance in the most recent two years, including the assurance scope, assurance body, assurance criteria, and assurance opinion.

Sustainability Assurance Disclosure Indicators – Chemical Industry

No.	Indicator	Indicator Type	Disclosure in 2023	Disclosure in 2022	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, renewable energy utilization rate, and total self-consumption of energy.	Quantitative	• Total energy consumption: 28,150 GJ. • Percentage of purchased electricity: 57%. • Renewable energy utilization rate and total self-consumption of energy: 0.	• Total energy consumption: 27,336 GJ. • Percentage of purchased electricity: 68%. • Renewable energy utilization rate and total self-consumption of energy: 0.	Gigajoules (GJ), percentage (%)	
2	Total water withdrawal, total water consumption, and wastewater (sewage) discharge, disclosed as required by law or voluntarily disclosed.	Quantitative	• Total water withdrawal: 104,175 metric tons. • Total water consumption: 19,715 metric tons. • Wastewater and sewage discharge: 84,463 metric tons.	• Total water withdrawal: 117,119 metric tons. • Total water consumption: 23,354 metric tons. • Wastewater and sewage discharge: 93,765 metric tons.	Metric tons Percentage (%)	
3	The total amount of hazardous waste generated during the product production	Quantitative	• Total amount of hazardous waste: 6.74 t. • Percentage of hazardous waste recycled: 0%	• Total amount of hazardous waste: 10.46 t. • Percentage of hazardous waste recycled: 0%	Metric tons (t), percentage (%)	
4	Number and rate of occupational accident injuries	Quantitative	• There were no work-related injuries in 2023, with an injury rate of 0%. • There were no occupational disease incidents in 2023, with an occupational disease rate of 0%. • There was no incident where a worker became unable to work due to an occupational disease or an occupational accident in 2023, with a lost day rate of 0%. ・The absence rate in 2023 was 0.8%.	• There were no work-related injuries in 2022, with an injury rate of 0%. • There were no occupational disease incidents in 2022, with an occupational disease rate of 0%. • There was no incident where a worker became unable to work due to an occupational disease or an occupational accident in 2022, with a lost day rate of 0%. • The absence rate in 2022 was 0.12%.	Percentage (%), number	
5	Business activities with actual or potential significant negative impact on the local community.	Qualitative description	Business activities that may impact the local community involve the following aspects: • Factories' water withdrawal. • Pollutant emission management. • Waste management. The Company did not perform activities with actual or potential	Business activities that may impact the local community involve the following aspects: • Factories' water withdrawal. • Pollutant emission management. • Waste management. The Company did not perform activities with actual or	Not applicable	Chapter 5 – Sustainable Environment

6	Concrete and effective mechanisms and actions taken by the company itself and its suppliers to reduce negative environmental or social impacts.	Qualitative description	The concrete and effective mechanisms and actions taken by the Company to reduce the negative impact on the environment include being certified with the environmental management systems (ISO 14001:2015), only considering suppliers that meet the quality, reputation,	The concrete and effective mechanisms and actions taken by the Company to reduce the negative impact on the environment include being certified with the environmental management systems (ISO 14001:2015), only considering suppliers that meet the quality, reputation,	Not applicable	Chapter 3 Supplier Management Chapter 5 – Sustainable Environment
7	Output by product	Quantitative	The output of oxidation catalysts in 2023 was 9,403 t.	The output of oxidation catalysts in 2022 was 12,635 t.	Kilogram	Priced in kilograms.

(5) Water pollution prevention and control

Each of our plants is properly planned for wastewater treatment according to the characteristics of wastewater, so as to effectively manage and treat the produced wastewater. The Taoyuan and Guanyin plants in Taiwan are discharged to the Guanyin Industrial District Sewage System Operation Center for treatment after the wastewater is treated by the plant's wastewater system and confirmed to meet the standards of the Guanyin Industrial District Sewage System Operation Center. In order to effectively strengthen the control of wastewater, Mechema not only separates wastewater from sewage, but also installs an abnormal automatic power-off system in the wastewater treatment system to prevent unqualified wastewater from being discharged into the wastewater treatment plant.

Year	Yearly handling cost (tons)	Yearly processing cost ($)	Yearly production capacity (tons)_Oxidation catalyst
2023	84,463	1,110,886	9,403
2022	93,765	1,088,318	12,635
2021	84,220	928,723	13,852

(6) Waste management

Among the waste generated by the Company, general business waste dominates, with inorganic sludge being the most abundant. Waste management is based on the Environmental Protection Administration's classification regulations, and waste disposal is entrusted to a domestic licensed removal and treatment company, with the goal of recycling and reuse. There was no significant leakage in year 2023 in the cleaning process of the operation and disposal. The statistical chart of business waste declaration for the past two years is as follows

Business waste reporting statistics (unit: metric tons)

Year	Non-hazardous waste				Hazardous waste	
	Domestic waste	Organic Sludge	Inorganic sludge	Waste plastic	Waste liquid	Total
2021	44.59	129.88	196.25	0	37.95	408.67
2022	27.53	33.03	119.95	0	10.46	190.97
2023	36.14	62.46	107.85	1.94	6.74	215.13

(7) Environmental investment and expenditure

Environmental investment:

Unit: Thousands

Investment Equipment Type	Content	Amount of expenses
Energy saving, waste reduction and reuse	Recycling Equipment	14,843
Total		14,843

Environmental Protection Expenses: Unit: Thousands

Waste disposal costs	2023	2022
Wastewater treatment costs	541	928
Sludge treatment cost	2,358	2053
Domestic waste cost	493	298
Total	3,392	3,279

Awarded: The first award from the Environmental Protection Administration, Executive Yuan
(2 stars for the best evaluation of the Recycling Economy of Waste Resources)

Losses due to environmental pollution in the most recent two years

Year / Item	2023	2022
	None	Waste Disposal Act Article 31, Paragraph 1, Subparagraph 1
Unit of penalties	None	Environmental Protection Department
Content of violations	None	Excess of reported output
Amount of penalties	None	6,000
Total	None	6,000

(8) Safety, health, and disaster prevention control

Respect for life is a universal value, and workplace safety is a guarantee of workers' right to live and work, as well as the stability of human resources, social security, and economic development. The unfortunate occurrence of an occupational disaster that damages the safety of life and property is a major loss to workers, employers and society.

With the goal of "protecting the lives and safety of employees and zero disasters in operation", Mechima has adopted the following measures in its safety and health policy:

1. Implement education and training to raise employees' awareness of safety and health.
2. Promote substantive participation and integration into daily operations.
3. Implement the supervision and improvement system to continuously improve safety and health performance.
4. Comply with safety and health-related laws and regulations, and pay attention to environmental safety and labor health.

Operating Environment Inspection

Regularly implement various operating environment tests to reduce operating hazards and effectively prevent the possibility of occupational diseases in the plant. Furthermore, there are no cases of occupational diseases among our employees.

Project	Frequency
Operating environment measurements (sulfuric acid, manganese)	Half of a year
E. coli and heavy metal testing for drinking water dispensers	Weekly
Health checkups for in-service personnel and special operations	Yearly
Sulfur oxides, nitrogen oxides	5 years

(9) Toxic and chemical raw material control and usage

The Company has set up special staff to manage the raw materials and toxic chemical products listed as toxic chemical substances in accordance with relevant government policies. We also follow the "Toxic Chemical Substances Control Procedures" established by the Company. When the R&D department determines that a raw material or product is a toxic chemical, it immediately notifies the toxic control staff, production office, and sales office of the relevant measures. Toxic control personnel are set up in the computer system and are required to report to the Environmental Protection Bureau and toxic chemical substances-related reports on a monthly basis. In the production office, there is a special storage area for toxic chemicals, with employees educated to pay attention to safety and conduct disaster prevention drills for toxic chemicals every six months. In addition, we also take personal protection measures against toxic chemicals during production and directly input packaging materials to reduce the chance of contact with humans. The packaging of the products conforms to the Global Harmonized System (GHS) and the GHS label for hazardous chemicals is posted in accordance with the regulations of the

Ministry of Labor, Executive Yuan. Once the toxic products are produced, we notify the sales unit and coordinate with the customer to ship the products, require the customer to obtain the relevant use license and permit, and then comply with the regulations on sales and transportation quantity control, all in conformity with government regulations.

(10) Occupational safety and health protection

The following table shows the injury rate, occupational disease rate, lost work days rate, absenteeism rate, and the number of work-related fatalities for the categories of injuries to employees for occupational safety and health:

Year	Actual number of hours invested	Injury Rate	Occupational disease rate	Number of lost work days	Absence rate	Deaths on duty
2023	101,921	-	-	-	0.80%	-
2022	105,517	-	-	-	0.12%	-
2021	107,349	-	-	-	0.30%	-

5. Labor Relations

(1) Employee benefit measures, retirement systems, implementation, as well as agreements between employers and employees

1. **Employee benefits measures:**

A. Employee insurance: Appliance for employee labor insurance and health insurance according to the law.

B. Accident insurance: All employees are entitled to 3 million dollars of group accident insurance and life insurance, and 10 million dollars of accident insurance for all employees, overseas staff, and business travel staff.

C. Year-end bonuses will be paid depending on the company's operating conditions.

D. Staff Travel: The Welfare Committee regularly organizes domestic travel every year and overseas travel every two years for employees to relax and unwind, with subsidies provided to encourage employees to bring their family members to participate.

E. Employee education and training: Optional courses necessary for your professional field or career development.

F. The Staff Benefits Committee provides benefit programs.

In order to meet the welfare needs of employees and provide good labor conditions to promote labor harmony, the Company has established an employee welfare committee in accordance with the law, with members from various departments of the Company, which holds regular meetings to establish various welfare policies and handle employee welfare business.

Staff Welfare Committee provides welfare programs	
1. Marriage subsidy	6. Employee travel subsidy
2. Fertility subsidy	7. Education subsidy for employees and children
3. Three festivals gift (Labor Day, Dragon Boat Festival, Mid-Autumn Festival)	8. Employee gathering
4. Birthday gift	9. Senior supplement
5. Death payment	10. Consolation money for hospitalization

G. Promoting Gender Equality.

In accordance with the Gender Equality Act and work rules, employees are granted physiological leave, maternity leave, maternity examination leave, paternity leave, employee childcare leave and family care leave. In order to allow employees to take care of both personal and family care needs, when employees need to take a longer leave in case of military service, childcare, major injuries or illnesses, they can also apply for leave without pay and return to work at the end of the period, with the aim to take into consideration the employees' special conditions.

H. Staff physical examination.

The company cooperates with regional hospitals to provide health checkups for general and special workers every year so that medical conditions can be detected and treated as early as possible.

In order to maintain the work environment and the safety of employees, the company has established the "Safety and Health Code of Practice", "Hazard Awareness Plan" and "Factory Emergency Response Plan Management Regulations" in accordance with the Occupational Safety and Health Act, and provided safety protection measures at the workplace, such as safety shoes, helmets, goggles, protective masks, activated carbon masks, acid alkali resistant gloves, aprons, and overalls to the field operators. Safety and health training are also offered to new and existing employees, including training on abnormal causes, special operation safety, chemical awareness, fire drills, emergency disaster response, etc. to raise employees' awareness of safety and disaster response in order to prevent the occurrence of disasters.

In addition to meeting the needs of the current regulations and enhancing the safety awareness of employees, for the insurance of the safety of all personnel entering the operation area, manufacturers are required to fill out a manufacturer's application form for entering the factory, which regulates that they should comply with the various safety regulations in the factory, and that they are strictly prohibited from starting fire-related matter on their own. In addition, they must apply for a hot work permit during construction. To control and reduce the risk effectively, to ensure the safety of personnel and equipment with social and community commitment in the neighborhood.

I. Other Benefits

With the goal of sustainable management and development, the company encourages its employees to identify with the company's management philosophy and maintain their employment on a long-term basis. Therefore, at the end of each year, the company honors its long-tenured employees by publicly presenting them with commemorative plaques in recognition of their hard work and achievements for the company. Special benefits such as mid-shift snacks, summer beverages, high-temperature allowance, vehicle allowance, interest-free loans for employees to purchase homes, salary advance for employees, improved on-site office and dining environment for employees, speech bonuses, full-cover helmets for employees who ride to and from work, and cold-weather protection devices during cold weather.

J. Employee satisfaction:

The percentile rank of the Company's overall employee satisfaction score is 65, which indicates our employee satisfaction is higher than that of industry peers.

(2) Retirement and pension implementation

In accordance with the Labor Standards Law, the Company established the "Labor Pension Fund Supervisory Committee" to make monthly contributions to employees' pension funds under the old system and the new system applicable to employees who started working after January 7, 2005. The old system pension fund is transferred to the retirement reserve account of the Bank of Taiwan, while the new system pension fund is transferred to the personal account of the employees of the Labor Insurance Bureau. In addition to those employees who meet the retirement requirements under the Labor Standards Law, employees who meet the requirements for preferential retirement under the Labor Retirement Law may apply for preferential retirement after approval.

In the event of injury or death in the line of duty, the employees and their families will be given a pension in accordance with the "Regulations of Employees Pension".

(3) Agreements between employers and employees: There were no labor-management incidents at Mechema during the year-end.

(4) Staff training and training system and implementation status

Employees are the most important assets of the company and the cornerstone of the company's sustainable operation. In order to improve the quality of our employees and to enrich their work skills and knowledge of safety and hygiene, we have established internal staff education and training programs to implement various functional trainings for employees. Each unit plans internal or external training courses that would adjust accordingly to its business needs every year.

1. Pre-employment training for new employees: including an introduction to the company organization, operation system, and system operation, job description, professional knowledge training and transmission, etc.
2. The Company has established the "Employee Education and Training Regulations" for consultation and compliance by employees. Each year, internal or external training courses are planned according to the training needs, so that employees can combine their own ability development and interests to maximize the learning effect:
   (1) Internal training section: training at headquarters.
   (2) External training section: training in domestic and foreign professional training institutions, depending on the content of the training to sign a letter of consent to training or extended service cut-off letter.
3. The statistics and expenses of the Company's employees' training and education in 2023 are as follows:

Item	Number of shifts	Toal People	Total hours	Total fees (in thousand)
Newcomer Training	9	9	22.5	0
Professional Training	12	36	60	18
Supervisory Training	7	3	12	8
General Training	0	0	0	0

The statistics and expenses of the Company's employees' training and education in 2022 are as follows:

Item	Number of shifts	Toal People	Total hours	Total fees (in thousand)
Newcomer Training	13	13	32	0
Professional Training	10	40	55	16
Supervisory Training	3	3	12	4
General Training	0	0	0	0

(5) The existence of a code of ethics for the evaluation of employee behavior

In order to ensure harmonious labor relations, strengthen the core values of the company, and achieve sustainable business development, the Company not only strengthens employee benefits and training but also implements a retirement system in accordance with the law. In view of the fact that the operation of an enterprise must be built on the basis of integrity, the Company has established "work rules" and various management regulations under the consideration of internal control on the moral and ethical conduct of employees. Therefore, we have established "work rules" and various management regulations under internal control, which stipulate that both employees and employers should be committed to the establishment of corporate ethics and professional ethics, so that employees can clearly understand their ethics or the code of ethics to be followed.

(6) Work environment and employee safety protection measures

In order to maintain the work environment and the safety of employees, our company has established various management procedures and methods such as "Safety and Health Code of Practice" and "Protection Plan" in accordance with ISO 9001 international quality assurance system and requires our employees to maintain regular maintenance of fire safety, machines and equipment to maintain normal operation and avoid machine and equipment malfunctions. We also arrange regular health checkups for our employees every year to ensure their personal safety.

For the most recent year and up to the printing date of the annual report, the Company has suffered losses due to labor disputes, and discloses the estimated amount of current and potential future losses and measures to address them.

The Company's labor relations are very harmonious and there have been no labor disputes. The Company attaches great importance to employee welfare and will continue to improve employee welfare measures and create a good working environment to maintain harmonious labor relations.

(7) Local community

1. Support for domestic cultural development

The Company invited Bird and Water Dance Ensemble to perform at the Company's year-end party to support the development of domestic cultural performances.

2. Support for the persons with disabilities in Guanyin Kindgarden Bakery

The Company's Occupational Welfare Society purchases related products from the Guanyin Kindgarden Bakery. The best help for persons with disabilities is not to show mercy, but to give them dignity and confidence for self-reliance.

3. Community engagement

The Company actively participates in celebrations held near the factory. In 2023, we made donations to the Fude Temple in the Guanyin Industrial Park, Taoyuan City, the Taoyuan Caota Fire Brigade, and the Shulin Community.

4. Beach cleanup activities in Caota

In order to put the philosophy of ESG and the Company's corporate sustainable development policy into practice, the Company has organized beach cleanup activities to contribute to global "Marine debris monitoring."

6. Information Communication Security Management

(1) Information Security Policy

In order to strengthen information security management, establish information security risk management, ensure the security of data, systems and information, as well as protect the rights and interests of customers in accordance with CE-101, CE-107, CE-110 and CE-111, the Company has established this policy as the basis for implementing various information security measures in accordance with the guidelines for handling internal control systems of public companies.

1.Division of functions and responsibilities of CE-101 information processing department

A. The Information Unit shall perform its duties from a position of supreme independence and shall not overstep the limits of unauthorized matters.

B. Whether the information unit and the user unit are when the division of authority.

2.CE-107, safety control of files and equipment

A. Regularly check the security and protection equipment of the computer room

B. Conduct regular safety drills to familiarize information unit personnel with the operation of various safety equipment

3.CE-110, system recovery plan system

A. The system recovery plan is clearly defined and documented that whether the audit department is involved in the development process or the recovery process is tested periodically.

B. Periodic backups of important program files.

4.CE-111, the control operation of information security inspection

A. The mail server is equipped with a firewall and anti-virus software to isolate external infringement.

B. The information personnel regularly review the mail receiving and sending situation on the server, and if there is any abnormal condition, they should report to the responsible supervisor for handling.

(2) List the losses, possible impacts and responses to major information security incidents in the most recent year and up to the date of printing of the annual report, and if it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated: The current information security policy is a prevention, and the latest anti-virus version is updated every year since it has not yet occurred and the amount of loss cannot be estimated.

(3) Report to the Board of Directors on an annual basis on its operations as follows.

Term/Date	Communication	Communication Results
The 1st - 10th 2022.5.6	Information Security Policy	None
2nd – 2nd 2023.11.3	Information security report Appointment of the Company's new information security officer	As specified in laws and regulations
2nd– 3rd 2024.3.13	Information processing and hacker intrusion handling report	Explanation of network crisis handling matters

7. Important contracts

Nature of Contract	Parties	Dates of commencement of contract	Main content	Restricted Terms
Purchasing Contracts	VXX	2024.02~2025.01	Nickel Powder	None
Purchasing Contracts	NXX	2024.04~2025.03	Cobalt Metal	None
Purchasing Contracts	SXX	2024.02-2024.12	Nickel Metal	None
Purchasing Contracts	BXX	2024.01-2024.12	Bromic Acid	None
Purchasing Contracts	LXX	2024.01-2024.03	Bromic Acid	None

Chapter 6. Financial Overview

1. Condensed Financial Information for the Last Five Years

(1) Condensed balance sheet and consolidated income statement information - Adoption of IFRSs

1. Condensed Balance Sheet (Consolidated) - IFRS

Unit: NTD thousand

Year / Item		Financial information for the last five years（Note 1）					For the year ended at March 31, 2024
		2,023	2,022	2,021	2,020	2,019	Financial Information
Current asset		1,192,193	1,965,459	1,931,623	1,073,003	1,465,917	1,155,829
Property, plant, and equipment		370,494	360,949	321,756	320,674	322,210	366,020
Intangible asset		1,281	1,281	1,281	1,281	1,281	1,281
Other asset		82,950	175,374	190,092	181,756	213,033	80,041
Total asset		1,646,918	2,503,063	2,444,752	1,576,714	2,002,441	1,603,171
Current liabilities	Before distribution	519,863	996,432	1,058,994	408,789	767,007	490,341
	After distribution	(Note 3)	651,495	774,046	304,558	584,040	Note 2
Non-current liability		5,317	5,421	4,372	3,403	4,530	5,317
Total liabilities	Before distribution	525,180	1,001,853	1,063,366	412,192	771,537	495,658
	After distribution	(Note3)	656,916	778,418	307,961	588,570	(Note 3)
Equity attributable to owners of the Company		1,121,738	1,501,210	1,381,386	1,164,522	1,230,904	1,107,513
Capital		749,863	749,863	749,863	749,863	749,863	749,863
Capital reserve		24,825	24,825	24,825	24,825	24,825	24,825
Reserved	Before distribution	455,651	825,030	727,276	471,296	530,882	432,062
Earnings	After distribution	(Note3)	(Note3)	442,328	367,065	347,915	Note 2
Other equities		(108,601)	(98,508)	(120,578)	(81,462)	(74,666)	(99,237)
Equities	Before distribution	1,121,738	1,501,210	1,381,386	1,164,522	1,230,904	1,107,513
Total	After distribution	(Note3)	1,156,273	1,096,438	1,060,291	1,047,937	Note 2

[Note1] The above information has been audited and cleared by the CPAs.

[Note2] The financial information for the first quarter of 2024 was audited by a CPA.

[Note3] The loss appropriation proposal for 2023 has not yet been approved by the shareholders' meeting.

2. Condensed Balance Sheet (Individual) - Adoption of IFRS

Unit: NTD thousand

Item \ Year		Financial information for the last five years（Note 1）				
		2023	2022	2021	2020	2019
Current asset		468,821	1,199,798	1,168,796	394,851	833,949
Property, plant, and equipment		269,694	253,191	246,192	234,718	240,070
Other asset		873,152	1,016,738	980,734	920,874	908,544
Total asset		1,611,667	2,469,727	2,395,722	1,550,443	1,982,563
Current liabilities	Before distribution	484,612	963,096	1,009,964	382,518	747,129
	After distribution	(Note 2)	618,159	725,016	278,287	564,162
Non-current liability		5,317	5,421	4,372	3,403	4,530
Total liabilities	Before distribution	489,929	968,517	1,014,336	385,921	751,659
	After distribution	(Note 2)	623,580	729,388	281,690	568,692
Capital		749,863	749,863	749,863	749,863	749,863
Capital reserve		24,825	24,825	24,825	24,825	24,825
Reserved Earnings	Before distribution	455,651	825,030	727,276	471,296	530,882
	After distribution	(Note 2)	480,093	442,328	367,065	347,915
Other equities		(108,601)	(98,508)	(120,578)	(81,462)	(74,666)
Treasury stock		-	-	-	-	-
Equities Total	Before distribution	1,121,738	1,501,210	1,381,386	1,164,522	1,230,904
	After distribution	(Note 2)	1,156,273	1,096,438	1,060,291	1,047,937

[Note 1] The above information has been audited and certified by accountants.
[Note 2] The loss appropriation proposal for 2023 has not yet been approved by the shareholders' meeting.

3. Condensed Consolidated Statements of Income (Consolidated) - Adoption of IFRS

Unit: NTD thousand

Year / Item	Financial information for the last five years (Note1)					For the year ended at March 31, 2024 Financial Information （Note2）
	2023	2022	2021	2020	2019	
Operating revenue	2,316,364	5,271,498	4,126,416	2,234,584	3,314,587	554,764
Gross profit	234,066	510,760	551,414	263,565	349,418	108,435
Operating profit	115,074	361,964	417,068	151,426	231,725	70,494
Non-operating gains and losses	(110,137)	119,306	43,257	9,632	45,680	4,708
Net income before income tax of continuing operation	4,937	481,270	460,325	161,058	277,405	75,202
Net income (loss)	(24,543)	381,325	360,634	123,268	218,871	58,896
Other comprehensive income (net after tax) for the period	(9,992)	23,447	(39,539)	(6,683)	(13,863)	9,364
Total comprehensive income for the period	(34,535)	404,772	321,095	116,585	205,029	68,260
Net income attributable to owners of the parent company	(24,543)	381,325	360,634	123,268	218,871	58,896
Net income attributable to non-controlling interests	0	-	-	-	-	-
Total comprehensive income or loss attributable to owners of the Company	(34,535)	404,772	321,095	116,585	205,029	68,260
Total comprehensive income and loss attributable to non-controlling interests	0	-	-	-	-	-
Earnings per share	(0.33)	5.09	4.81	1.64	2.92	0.79

[Note1] The above information has been audited and certified by accountants.

[Note2] The financial information for the first quarter of 2024 was reviewed by CPAs.

[Note3] The loss appropriation proposal for 2023 has not yet been approved by the shareholders' meeting.

4. Condensed Consolidated Statements of Income (Individual) - Adoption of IFRSs

Unit: NTD thousand

Year / Analysis Item	Last five years' financial information (Note 1)				
	2023	2022	2021	2020	2019
Operating revenue	1,833,738	5,110,732	3,835,476	1,929,513	3,078,079
Gross profit	222,184	419,503	372,261	156,716	285,005
Operating profit	155,908	335,273	284,467	99,042	218,071
Non-operating gains and losses	(150,212)	142,788	141,944	49,546	51,669
Net income (net loss) before income taxes	5,696	478,061	426,411	148,588	269,740
Profit or loss of continuing business units	(24,543)	381,325	360,634	123,268	218,871
Profit or loss from discontinued operations			-	-	-
Net income (net loss)	(24,543)	381,325	360,634	123,268	218,871
Total consolidated profit or loss for the period	(34,535)	404,772	321,095	116,585	205,029
Other comprehensive income or loss for the period	(9,992)	23,447	(39,539)	(6,683)	(13,842)
Total consolidated profit or loss for the period	(34,535)	404,772	321,095	116,585	205,029

[Note1] The above information has been audited and certified by accountants.
[Note2] The loss appropriation proposal for 2023 has not yet been approved by the shareholders' meeting.

(2) The names of the accountants and their audit opinions for the last seven years

Year	CPA Firm	Certified Public Accountant	Audit Opinions	Comments
2016	Deloitte & Touche	Guan-Zhong Lai, De-Zhen Zheng	Unqualified opinion	-
2017	Deloitte & Touche	Jin-Chuan Shi, De-Zhen Zheng	Unqualified opinion	-
2018	Deloitte & Touche	Jin-Chuan Shi, De-Zhen Zheng	Unqualified opinion	-
2019	Deloitte & Touche	Jin-Chuan Shi, De-Zhen Zheng	Unqualified opinion	-
2020	Deloitte & Touche	Jin-Chuan Shi, Jin-Ming Xu	Unqualified opinion	-
2021	Deloitte & Touche	Jin-Chuan Shi, Yung-Ming Chiu	Unqualified opinion	-
2022	Deloitte & Touche	Jin-Chuan Shi, Yung-Ming Chiu	Unqualified opinion	-
2023	Deloitte & Touche	Yung-Ming Chiu, Jin-Chuan Shi	Unqualified opinion	

Note: Reasons for changing accountants in the last seven years:

In 2021, due to the adjustment of the internal management establishment of the appointed CPA firm, the CPA, Jin-Chuan Shi, was changed to Yung-Ming Chiu , CPA.

For the year ended December 31, 2020, the CPA was changed from Guan-Zhong Lai to Jin-Ming Xu due to the adjustment of the internal management establishment of the appointed firm.

For the year ended December 31, 2017, the CPA was changed from Guan-Zhong Lai to Jin-Chuan Shi due to the adjustment of the internal management establishment of the appointed CPA firm.

In 2024, due to Deloitte Taiwan’s internal staffing adjustment, one of the CPAs was changed from Chin-Chuan

Shih to Chin Ming Hsu.

2. Financial analysis of the last five years

1. Financial Analysis (Consolidation) - Adoption of IFRS

Year (Note 2) Analysis Items		Last five years' financial information					Current year up to March 31, 2024
		2023	2021	2020	2019	2019	
Financial Structure (%)	Liability to assets ratio	31.89	40.03	43.50	26.14	38.53	30.92
	Long-term capital to property, plant and equipment ratio	302.77	415.91	429.33	363.15	382.02	302.58
Solvency (%)	Mobility Ratio	229.33	197.25	182.40	262.48	191.12	235.72
	Quick Ratio	148.00	127.81	116.68	185.9	127.11	177.88
	Interest cover multiplier	1.39	36.92	76.60	35.06	42.19	40.31
Operating ability	Receivables turnover rate (time)	3.52	6.85	7.23	6.91	7.24	4.30
	Average number of days to collect receivables	104	53	50.00	53	50	85
	Inventory turnover rate (time)	4.08	8.19	9.87	6.62	7.25	5.68
	Turnover rate of accounts payable (time)	50.06	94.47	62.55	41.08	55.47	8.9
	Average selling days	89	45	37.00	55	50	64
	Property, plant and equipment turnover rate (time)	6.25	14.6	12.82	6.97	10.29	1.52
	Total Asset Turnover (time)	1.41	2.11	1.69	1.42	1.66	0.35
Profitability	Return on Assets (%)	-0.68	15.86	18.19	7.78	10.45	3.72
	Return on Shareholders' Equity (%)	-1.87	26.46	28.33	10.29	17.75	5.28
	Net income before income tax as a percentage of paid-in capital (%)	0.66	64.18	61.39	21.48	30.9	10.03
		-1.06	7.23	8.74	5.52	6.6	10.62
	Net profit rate (%)	-0.33	5.09	4.81	1.64	2.92	0.79
Cash Flow	Cash flow ratio (%)	119.38	35.66	-29.85	92.37	55.3	48.41
	Cash flow fair ratio (%)	82.27	81.45	37.04	66.78	59.56	82.27
	Cash reinvestment ratio (%)	24.7	4.71	-30.65	16.9	12.67	14.42
Leverage	Operating leverage	1.22	1.09	1.05	1.2	1.51	1.05
	Financial leverage	1.12	1.04	1.01	1.03	1.03	1.03

1 Debt ratio -20%: Mainly due to a decrease in inventory + accounts receivable

2 Long-term funds to property, plant and equipment ratio -27%: Mainly due to a decreased net profit.

3 Flow ratio increased 16%: Mainly due to a decrease in short-term debt.

4 Quick ratio increased 16%: Mainly due to a decrease in inventory + accounts receivable

5 Interest coverage ratio -96%: Mainly due to a decreased net profit.

6 Receivables turnover ratio (times) -49%: Mainly due to a decrease in accounts receivable and sales

7 Receivables collection days increased 96%: Mainly due to a decrease in operating revenue

6 Receivables turnover ratio (times) -51%: Mainly due to a decrease in accounts receivable and sales

7 Inventory turnover ratio (times) -60%: Mainly due to a decrease in cost of goods sold and inventory

8 Payables turnover ratio (times)47%; Mainly due to a decrease in cost of goods sold and preparation.

9 Average sales days 98%: Mainly due to a decrease in cost of goods sold and inventory

10 Property, plant and equipment turnover ratio (times) decreased by 57%: Mainly due to a decrease in operating revenue.

11 Return on assets (%) decreased by 104%: Mainly due to a decrease in operating revenue.

12 Return on shareholders' equity (%) decreased by 107%: Due to reduced net profit.

13 Pre-tax profit to paid-in capital ratio (%) decreased by 99%: Due to reduced net profit.

14 Net profit margin (%) -115%: Mainly due to reduced net profit.

15 Earnings per share (NTD) -106%: Mainly due to reduced net profit.

16 Cash flow ratio (%) increase by 235%: Mainly due to increased cash flows from operating activities.

17 Cash reinvestment ratio (%) increase by 424%: Mainly due to the cash distribution of dividends.

2. Financial Analysis (Individual) - Adoption of IFRS

Analysis Items	Year	Last five years' financial information 2023	2022	2021	2020	2019
Financial Structure (%)	Debt to assets ratio	30.4	39.22	42.34	24.89	37.91
	Long-term capital to property, plant and equipment ratio	415.93	592.92	561.1	496.14	512.73
Solvency (%)	Mobility Ratio	96.74	124.58	115.73	103.22	111.62
	Quick Ratio	49.82	90.33	66.39	65.72	73.8
	Interest cover multiplier	1.45	36.68	71.03	32.43	41.05
Operating ability	Receivables turnover rate (time)	4.3	15.31	11.74	11.67	8.59
	Number of days to collect receivables	85	24	31	31	42
	Inventory turnover rate (time)	6.13	14.26	16.9	12.45	13.77
	Average days to sell	60	26	22	29	27
	Property, plant and equipment turnover rate (time)	6.8	20.19	15.58	8.22	12.82
	Total Asset Turnover (time)	1.14	2.07	1.6	1.24	1.55
Profitability	Return on Assets (%)	(0.71)	16.12	18.52	7.19	9.94
	Return on Shareholders' Equity (%)	(1.87)	26.46	28.33	10.29	16.62
	Net income before income tax as a percentage of paid-in capital (%)	0.76	63.75	56.87	19.82	35.97
	Net profit rate (%)	(1.34)	7.46	9.4	6.39	8.76
	Earnings per share (NTD)	(0.33)	5.09	4.81	1.64	2.92
Cash Flow	Cash flow ratio (%)	147.14	42.41	-44.34	89.94	65.91
	Cash flow fair ratio (%)	105.27	93.44	24.55	68.82	67.66
	Cash reinvestment ratio (%)	33.23	8.26	-39.87	13.8	22.91
Leverage	Operating leverage	1.55	1.3	1.31	1.58	1.31
	Financial leverage	1.09	1.04	1.02	1.01	1.03

1 Debt ratio -22%: Mainly due to a decrease in inventory + accounts receivable
2 Long-term funds to property, plant and equipment ratio -30%: Mainly due to a decrease in net shareholders’ equity
3 Quick ratio -22%: Mainly due to a decrease in inventory
4 Interest coverage ratio -96%: Mainly due to a decrease in income before tax.
5 Receivables turnover ratio (times) 30%: Mainly due to a decrease in accounts receivable and sales
6 Receivables collection days 254%: Mainly due to an increase in accounts receivable
7 Inventory turnover ratio (times) -57%: Mainly due to a decrease in cost of goods sold and inventory
8 Average sales days 131%: Mainly due to a decrease in inventory
9 Property, plant and equipment turnover ratio (times) decreased by 66%: Mainly due to a decrease in operating revenue.
10 Total asset turnover ratio (times) decreased by 45%: Mainly due to a decrease in operating revenue.
11 Return on assets (%) decreased by 104%: Mainly due to a decrease in operating revenue.
12 Return on shareholders’ equity (%) decreased by 107%: Due to reduced operating revenue and net profit after tax.
13 Pre-tax profit to paid-in capital ratio (%) decreased by 99%: Due to reduced operating revenue and net profit after tax.
14 Net profit margin (%) -118%: Mainly due to reduced operating revenue and net profit after tax.
15 Earnings per share (NTD) 106%: Mainly due to reduced operating revenue and net profit after tax.
16 Cash flow ratio increased by 243%: Mainly due to increased cash flows from operating activities.
17 Cash reinvestment ratio (%) 302%: Mainly due to an increase in current assets and cash flows.

1. **The Company's Key Performance Indicators**

(1) Financial Indicators

Meaning: To optimize the financial structure, and solvency of enterprises and to control the restrictions of bank financing contracts.

Ratio Formula	Target KPI	2022	2023
(1) Liability ratio Liability/shareholders' equity	<100%	66.74%	46.82%
(2) Current ratio Current assets/current liabilities	>100%	197.25%	229.33%
(3) Interest coverage multiplier Net interest before interest tax/interest expense	>50	36.92%	1.39%

(2) Performance indicators

Meaning: The control of staff and expenses and the creation of efficiency and profit.

Ratio Formula	Target KPI	2022	2023
(1) Productivity and efficiency indicators Revenue/year-end employees (million)	20,000	43,566	19,630
(2) R&D efficiency indicators Revenue/R&D expenses (in thousands)	200	365	151

3. Audit Committee on the Audit of the Latest Annual Financial Report

Audit Committee Audit Report

The Board of Directors has audited the financial statements (including the consolidated financial statements) and the loss appropriation proposal proposed distribution of earnings of the Company for the year ended December 31, 2023. The financial statements (including the consolidated financial statements) have been audited by CPA Yung-Ming Chiu and CPA Jin-Chuan Shi from Deloitte & Touche Firm, both of whom are certified public accountants, and we have issued an audit report thereon. Upon examination of the aforementioned business report, financial statements (including consolidated financial statements) and loss appropriation proposal for distribution of earnings, the Audit Committee concluded that there were no discrepancies and hereby report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Mechema International Group

Convenor of the Audit Committee: Meng-Xiu Lee

March 13, 2024

4. Latest Consolidated Financial Statements of the Parent Company and Subsidiaries Audited and Certified by CPAs: Please refer to pages 96 to 158.

5. Latest Individual Financial Statements Audited and Certified by CPAs: Please refer to pages 196 to 222.

6. If the Company and its affiliates had financial difficulties in the last two years and as of the printing date of the annual report, the impact on the Company's financial position should be stated: None

7. Evaluation basis and foundation for the presentation of asset and liability evaluation accounts

(1) Accounts receivable

a. To enable timely assessment of the probability of collection of accounts receivable and to ensure the fair value of accounts receivable.

b. The amount of allowance for doubtful accounts is based on the number of accounts receivable *withdrawal rate. The amount of overdue accounts receivable is calculated based on the overdue receivable date.

Overdue Amount Days Range	Withdrawal ratio	
	Non-related parties	Affiliates
0-30 days	1%	1%
30-90 days	1%	1%
31-180 days	1%	1%
181-365 days	50%	50%
More than 365 days	100%	100%

(2) Inventory

Inventories are stated at the lower cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories in the same category. Net realizable value is the estimated selling price under normal circumstances less costs and selling expenses to be incurred to completion. The weighted-average method is used to calculate the cost of inventories.

8. Accounting for asset impairment:

In accordance with GAAP, when there is an indication of asset impairment, the Company is required to conduct an impairment assessment. The timing of the assessment is based on the assessment made at that time with respect to the operating results of future years. The Company has established the relevant system for strict management and no impairment has occurred in the year 2023.

9.The Company's personnel involved in the transparency of financial information have obtained the relevant licenses designated by the competent authorities as follows:

1. International internal auditor's license: 0 in the administration department: 0 in the audit department
2. Basic Competency Test on Corporate Internal Control held by SFI Taiwan: 0 members from Audit Office
3. R.O.C Internal auditors.: 0 in the audit department: 0 in the administration department
4. R.O.C. Accountants: 0 in the administration department
5. R.O.C. Bookkeeper: 1 person in the administration department

Chapter 7. Review and analysis of financial status and financial performance and risk management

I. Financial position:

(1) Comparative analysis of the financial performance

Unit: NTD thousand

Year	2023	2022	Differences	
Current assets	1,192,193	1,965,459	(773,266)	-39%
Investments using the equity method	14,228	112,074	(97,846)	-87%
Property, plant and equipment	370,494	360,949	9,545	3%
Non-current assets	454,725	537,604	(82,879)	-15%
Total Assets	1,646,918	2,503,063	(856,145)	-34%
Current liabilities	519,863	996,432	(476,569)	-48%
Non-current liabilities	5,317	5,421	(104)	-2%
Total liabilities	525,180	1,001,853	(476,673)	-48%
Capital	749,863	749,863	0	0%
Other equities	(108,601)	(98,508)	(10,093)	10%
Retained earrings	455,651	825,030	(369,379)	-45%
Total shareholders' equity	1,121,738	1,501,210	(379,472)	-25%

1 Current assets decreased by NT$773,266 thousand mainly due to a decrease in operating revenue and a decline in quotes for raw materials, resulting in decreased inventory
2 The investment under equity method was NT$-97,846 thousand, which was mainly due to losses on related party investments.
3 Total assets reduced by NT$856,145 thousand mainly due to a decrease in operating revenue, resulting in decreased inventory.
4 Current liabilities decreased by NT$476,569 thousand mainly due to a decrease in loans for material preparation.
5 Total liabilities decreased by NT$476,673 thousand mainly due to decreased loans.
6 Retained earnings decreased by NT$369,379 thousand mainly due to the distribution of dividends and estimate taxes.
7 Shareholders’ equity decreased by NT$379,472 thousand mainly due to the distribution of dividends and estimated taxes.

2. **Financial performance:**

(1) Comparative financial performance analysis

Unit: NTD thousand

Year	2023	2022	Amount of increase (decrease)	Change ratio %
Item	Amount	Amount		
Net operating revenue	2,316,364	5,271,498	(2,955,134)	-56%
Operating costs	2,082,298	4,760,738	(2,678,440)	-56%
Gross profit	234,066	510,760	(276,694)	-54%
Realized gain on sales (unrealized)	0	(6,314)	6,314	-100%
Realized gross operating profit	3,860	0	3,860	
Operating profit	115,074	361,964	(246,890)	-68%
Non-operating income and expenses	(110,137)	119,306	(229,443)	-192%
Net income before tax	4,937	481,270	(476,333)	-99%
Income tax expense	29,480	99,945	(70,465)	-71%
Net income after tax for the period	(24,543)	381,325	(405,868)	-106%

1 The decrease in net operating revenue was mainly due to a decrease in quotes for raw materials and market demand.

2 The decrease in operating costs was mainly due to a decrease in quotes for raw materials and market demand.

3 Gross operating profit declined mainly due to the high volatility of prices for raw materials.

4 Net operating profit declined mainly due to the high volatility of prices for raw materials.

5 The decrease in net profit before tax was mainly due to losses on related party investments.

6 The decrease in current net profit after tax was mainly due to a decrease in quotes for raw materials and market demand.

(5) Expected sales volume and its basis

1 Expected sales volume

Products	Sales volume in 2024 (tons)
Oxidation catalyst	21,788
Battery material related raw materials	1,374
Total	23,162

2. Sales basis:

The above sales estimates are based on the Company's knowledge and forecast of customer demand and the Company's production capacity.

3. The possible impact of future financial operations and the responding plan:

The Company is financially healthy, the downstream PTA industry has been stable, and the demand for the battery material business has increased in tandem with the lessening of the pandemic, thus showing a positive impact on the Company's finances.

3. Cash flow:

Explanation of changes in cash flow

(1) Analysis of changes in cash flows for the most recent year

Year / Item	2023	2022	Increase (decrease) ratio
Cash flow ratio	119.38%	35.66%	235%
Cash flow fair value ratio	82.27%	81.45%	99%
Cash reinvestment ratio	24.72%	4.71%	425%

Analysis of changes in the percentage of increase or decrease:

1. The increase in cash flow ratio for the year was mainly due to the increase in cash flow from operating activities.

2. Increase in cash flow adequacy ratio: Due to an increase in the amount of cash dividends.

3. Increase in cash reinvestment ratio: Mainly due to decreased inventory.

(2) Cash flow analysis for the coming year:

Unit: NTD thousand

Beginning cash balance	Estimated full year net cash flow from operating activities	Estimated year cash outflow	Estimated cash surplus (deficiency) amount + -	Estimated cash shortfall of measurements	
				Investment Plan	Financing Plan
182,082	456,000	453,000	185,082	46,720	-

Cash flow analysis:

(1) Operating activities: Operating activities generated a net cash inflow of $456,000 thousand due to stable profitability for the year.

(2) Investing activities: The net cash outflow from investing activities was $453,000 thousand due to the expected purchase of machinery and equipment.

4.The impact of significant capital expenditures on financial operations in recent years

(1) Major capital expenditures and sources of funds

Unit: NTD thousand

Planned Projects	Actual or Expected Source of Cash	Actual or expected completion date	Total amount required	Actual or intended use of funds	
				2024	2024
Equipment	Self-own funds + bank loans	2024.12	46,720	46,720	46,720

(2) Estimated potential benefits: None

5. Recent year's investment policy, main reasons for profit or loss, improvement plans, and investment plans for the coming year.

1. Overview of the investee company: Details on page 110 of this annual report.
2. Transferring investment policy, cooperating with customers to establish overseas production sites, and expanding orders due to industry and product relations.
3. In 2023, due to the decline in raw material prices, the Company’s subsidiaries in Thailand and the invested company, Catallyst, made profits. All the other subsidiaries suffered losses.
4. Investment plans for the coming year to increase the Company's production capacity in line with the expansion of production by customers are still under evaluation.

6. **Risk management analysis for the most recent year and up to the date of printing of the annual report:**

(1) The impact of changes in interest rates, exchange rates, and inflation on the Company's profit or loss and future responding measures:

1. Impact on the Company's profit or loss:

Item	2023 (NTD thousand; %)
Net interest received (paid)	(8,597)
Net exchange gain or loss	3,490
Net interest income (expense) to net operating revenues	-0.37%
Net interest income (expense) to net income before income tax	-174.13%
Net exchange gain or loss as a percentage of net revenue	0.15%
Net exchange gain or loss as a percentage of net income before income tax	70.69%

(1) Interest rate changes

The consolidated company reports a 0.5% increase or decrease as a reasonable risk assessment to management for changes in interest rates. If all other conditions remained unchanged, and without considering the capitalization of interest, a 0.5% increase in interest rates would have reduced the Consolidated Company's income before income taxes by $930 thousand and $2,026 thousand for 2023 and 2022, respectively.

(2) Change in the exchange rate

The Company's administration department conducts long-term observation and judgment on the movements and trends of exchange rates and collects economic data such as the USD, THB, RMB, IDR and KRW from time to time. In the future, the company is required to hedge the difference to reduce foreign exchange losses.

(3) Inflation

In recent years, the inflation rate in Taiwan is about 2%, and The Company's raw materials are mainly imported from abroad. If the amount of domestic purchases in 2023 is about $1.8 billion, for example, a 1% increase in the inflation rate will increase the Company's annual expenses by about $18,116 thousand.

2. Future measures:

(1) Measures in response to changes in interest rates

The Consolidated Company is exposed to interest rate fluctuations due to bank deposits and variable-rate borrowings. The consolidated Company's current policy is to maintain floating rate borrowings to reduce the risk of interest rate fluctuations and currently does not operate interest rate hedging instruments. The management of the consolidated Company monitors interest rate risk on a regular basis and will consider necessary measures to manage the risk arising from changes in market interest rates if necessary for significant interest rate risk.

(2) Measures in response to changes in exchange rates

The Company has sufficient working capital and greater flexibility in its financial operations to respond to the risk of interest rate changes. For changes in exchange rates, the Company has established a risk assessment team, which, in addition to adopting dynamic natural hedging, selects better exchange points for loan modification or foreign exchange repayment to hedge the risk of exchange rate changes.

(3) Inflationary measures

The company's biggest competitive advantage is the recycling of self-produced products, which are less affected by international prices because the prices are calculated by formula. In response to the effects of inflation, the Company will continue to promote various solutions to reduce costs through market transfer and process improvement with the spirit of being money-conscious.

(2) The policies of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profits or losses, and future responding measures:

As of the date of the annual report, the Company has not engaged in high-risk and high-leverage investments, except for conservative fixed-income investments, and has endorsed guarantees for subsidiaries due to business needs.

(3) Future research and development plans and estimated research and development costs:

1. Future research projects:

(1) Short-term plans:

A. Improve the quality of existing products in response to customer needs.

B. Improve the existing manufacturing process to produce products with different physical specifications.

(2) Medium- and long-term plans:

A. Development of raw material recycling for the electronics industry.

B. Development of new technologies and processes for the recovery of cobalt and manganese metals to improve recovery yields, efficiency, and quality.

2. Estimated investment in R&D:

At present, the company has collected complete data from industrial research institutes and university professors in Taiwan. It is expected that all future R&D expenses will be about $15,000,000, and the proportion of revenue will gradually increase in the future.

(4) The impact of significant changes in domestic and foreign policies and laws on the Company's financial operations and the measures to address them. The impact of significant domestic and foreign policy and legal changes on the Company's financial operations and the corresponding measures: None.

(5) The impact of technological changes and industry changes on the Company's financial operations and the corresponding measures: None.

(6) Impact of corporate image change on corporate crisis management and response measures: If the Company encounters a situation that threatens its corporate image, it will establish a response team and take necessary actions to respond to it.

(7) Expected benefits and possible risks associated with the merger and acquisition and the measures to address them: Not applicable.

(8) Expected benefits of plant expansion and possible risks and responses: Please refer to the page 104 on the impact of significant capital expenditures on financial operations in the most recent year.

(9) Risks associated with concentrations of imports or sales and measures to address them: None.

(10) The impact on the Company and the risk and response measures of a significant transfer or change of ownership of directors, supervisors, or substantial shareholders holding more than 10% of the shares: None.

(11) The impact of the change in operating right on the Company and the risk and response measures: None.

(12) Litigation or non-litigation The impact and risk of litigation or non-litigation, the handling of events involving the Company, its directors, supervisors, presidents, persons in charge of the Company, substantial shareholders holding more than 10% of the shares, and affiliates: None.

(13) Other important risks and countermeasures: Information security can be divided into external hacker attacks for confidential information protection and the same level. In order to ensure the security of the company's intellectual property, business secrets and internal information when hackers, computer viruses, ransom emails and other external attacks affect the company's operating system, Mechema has established the concept of information security for employees through education and training and regular announcements, based on the concept of defense in depth and constructing external and internal information security protection. The company proposes information security proposals annually, evaluates their appropriateness on a regular basis, and draws up project plans to continuously strengthen protection measures to reduce information security risks.

(14) As amended on March 3, 2024, the criteria for entries to be made in the annual reports of publicly traded companies. Article 18, paragraph 6, Item 2, and Article 20, paragraph 6, item 5, require the Company to disclose the impact of information and communications security risks on the Company's financial operations and the measures to address such risks, as well as the losses suffered as a result of a material information and communications security event, the possible impact (including operations and goodwill, etc.) and the measures to address such risks.

Currently, the company has not been hacked to steal customer information, which is a major above-mentioned security incident, and has handled the relevant disclosures in accordance with the former regulations.

7**. Other important matters: None.**

Chapter 8. Special Notes

1. Information on affiliated companies for the most recent year

Statement of Consolidated Financial Statements of Affiliated Companies

For the year ended December 31, 2023 (January 1, 2023 to December 31, 2023), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Financial Statements of Affiliated Companies and Related Party Reports" and the companies that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10 are similar, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, a separate consolidated financial report of the affiliated companies would not be prepared.

Company: Mechema International Group

Responsible person: Lung-Tsai Yen

March 13, 2024

(2) Basic information of each affiliated company

Apr. 30, 2022

Company Name	Date of Establishment	Address	Paid-in capital	Main business or Production Items
Mechema Thailand	Established in April, 1996	11 Sol G 14 Rakron Songkr-Ohrah Road, Map-Ta Phut Rayong Thailand	Baht 31,000 thousand	Production of PTA oxidation catalyst
Mechema Indonesia	Established in April, 1998	Blok J5-07 Newton Techno Park Lippo Cikarang Bekasi 17550	IDR 29,910,650 thousand	Production of PTA oxidation catalyst
Mechema Korea	Established in April, 1999	491-5 Yongyeon-Dong Nam-Ku, Ulsan Korea	Paid-in capital of KRW 4,382,020 thousand	Production of PTA oxidation catalyst
Mechema Malaysia	Established in January, 2008	Suite D23, 2nd Floor, Plaza Pekeliling, No.2 Jalan Tun Razak,50400 Kuala Lumpur	Paid-in capital of RM5,000,000	Production of PTA oxidation catalyst
Catalyst Development Co., Ltd.	Established in September, 2001	Trustnet Chambers, Road Town, Tortola, British Virgin Islands.	Paid-in capital of USD 8,100 thousand	Investment Holding Company
Mechema Chemical (Xiamen) Co., Ltd.	Established in September, 2001	Haicang South Industrial Zone, Xiamen City, Fujian Province	Paid-in capital amounted to RMB 25,925 thousand	Real estate-related business
Shaoxing Shangyu Mechema Chemical Co., Ltd.	Established in August, 2005	Zhejiang Hangzhou Bay Fine Chemical Park	The paid-in capital was RMB 46,518 thousand	Production of PTA oxidation catalyst
Mechema Toda Corporation Co,. Ltd.	Established in December, 2011	No. 1, Datong 1st Road, Guan Yin District, Taoyuan City	Paid-in capital NTD 300,100 thousand	Mainly engaged in the production of battery materials

(3) Information on the same shareholders who are presumed to be in a controlling and subordinate relationship: None

(4) Information on the directors, supervisors, and presidents of the affiliated companies

April 30, 2024

Company Name	Job Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Mechema Thailand	Director Director	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Wen-Zhi Yen	310,000	100%
Mechema Indonesia	Chairman Director	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Wen-Zhi Yen Li-Yu Lee	4,000 - -	100% - -
Mechema Korea	Chairman Director Supervisor	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Wen-Zhi Yen Chong-Yi Wang Li-Yu Lee	876,404 - - -	100% - - -
Mechema Malaysia	Chairman Director	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Wen-Zhi Yen Li-Yu Lee Ming-Cheh Hsieh Azlin Ang Binti Adbullah	5,000,000 - - - -	100% - - - -
Catalyst Development Co., Ltd.	Chairman	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen	8,100,000	100%
Mechema Chemical (Xiamen) Co., Ltd.	Chairman Director Director Supervisor	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Wen-Zhi Yen Ming-Cheh Hsieh Li-Yu Lee	- - - -	100% - - -
Shaoxing Shangyu Mechema Chemical Co., Ltd.	Chairman Director Supervisor	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Wen-Zhi Yen Ming-Cheh Hsieh Li-Yu Lee	- - - -	100% - - -
Mechema Toda Corporation Co,. Ltd.	Chairman Vice Chairman Director Supervisor Supervisor	Mechema International Group Co, Ltd. Representative: Lung-Tsai Yen Representative of Toda Kogyo Co.. Ltd.: Kenji Okinaka Mechema International Group Co, Ltd. Representative: Wen-Zhi Yen Kai-Yuen Yen Tomohiro Funamoto	30,010,000 - - -	50% - - -

The industry covered by the overall business of the affiliated company. If the businesses of the affiliated companies are related to each other, the division of labor between them should be stated.

1. Mechema Thailand, Mechema Indonesia, Mechema Korea, Mechema Malaysia, Shaoxing Shangyu Mechema Chemical Co., Ltd. are engaged in PTA oxidation catalyst production and local service.
2. Mechema Chemicals (Xiamen) Co., Ltd. is engaged in real estate-related business.
3. Catalyst Development Co., Ltd. is mainly used as a subsidiary of Mechema to invest in China.
4. Mechema Toda Corporation is engaged in the production of anode materials.

(5) Operation of each affiliated company

For the year ended December 31, 2022; Unit: NTD thousand, expert that earnings per share is NTD

Name of Company	Capital	Total Assets	Total Liability	Net profit	Operating Revenue	Operating profit	Profit and loss (After tax)	Earnings per share (After tax)
Mechema Thailand	26,003	145,798	21,417	124,381	318,546	(1,025)	1,396	0.00
Mechema Indonesia	112,554	133,088	33,509	99,579	127,940	(37,325)	(32,678)	-8.17
Mechema Korea	124,540	146,668	17,937	128,731	282,201	(13,612)	(11,057)	0.02
Mechema Malaysia	49,042	11,462	13,954	(2,492)	0	(689)	(1,679)	0.00
Catalyst Development Co., Ltd.	270,419	469,933	0	469,933	0	0	987	0.00
Mechema Chemicals (Xiamen) Co,. Ltd.	109,428	133,096	31,947	101,149	115,053	1,598	6,310	(Note)
Shangyu Mechema Chemical Co., Ltd.	197,572	404,233	12,691	391,542	460,796	(222)	(5,833)	(Note)
Mechema Toda Corporation	300,100	331,690	296,673	35,016	881,527	(199,222)	(203,412)	(0.68)

Note: The number of shares is not calculated since it is a limited company.

2. For the most recent year and up to the date of publication of the annual report, the private placement of common stock: None.

3. Holdings or dispositions of the Company's shares by subsidiaries for the most recent year and as of the date of the annual report: None.

4. Other necessary supplementary notes: None.

5. The first listed company should include an explanation of significant differences in the protection of shareholders' rights and interests in our country: None.

Chapter 9 For the most recent year and as of the printing date of the annual report, the events that have a significant impact on shareholders' equity or the price of securities as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act should also be stated item by item: None.

Appendix 1. Latest Annual Consolidated Financial Report:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mechema Chemicals International Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mechema Chemicals International Corp. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

<u>Recognition of Revenue</u>

The main source of revenue of the Group comes from the sales of battery cathode material. Most of the sales were highly concentrated on major customers, which accounted for 30% of total sales revenue. Therefore, the management may be under pressure to meet the profit target. Since there is a significant risk, we considered the recognition of sales revenue as key audit matter.

The main audit procedures performed by the accountant for the above matters are as follows:

1. We assessed the validity of clients' orders from their clients.

2. We tested the design and the operating effectiveness of internal control processes of sales revenue. We reviewed clients' orders, which were authorized by appropriate supervisors, and we checked the shipping documents signed by clients and confirmed that the sales actually occurred.

3. Perform the confirmation letter procedure to confirm the occurrence of sales.

Other Matter

We have also audited the parent company only financial statements of Mechema Chemicals International Corp. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the members of the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yung-Ming Chiu and Chin-Chuan Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

<u>*Notice to Readers*</u>

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

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

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 182,082	11	$ 366,480	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	43,068	2
Financial assets at amortized cost - current (Notes 4, 8 and 25)	31,768	2	18,044	1
Notes and trade receivables (Notes 4, 9 and 19)	461,310	28	524,929	21
Trade receivables from related parties (Notes 4, 19 and 24)	67,818	4	258,380	10
Other receivables (Note 4)	15,041	1	47,384	2
Other receivables from related parties (Notes 4 and 24)	67	-	3,567	-
Current tax assets (Notes 4 and 20)	11,297	1	11,709	1
Inventories (Notes 4 and 10)	357,092	22	627,745	25
Prepayments (Note 15)	25,640	1	10,110	-
Other current assets	40,078	2	54,043	2
Total current assets	1,192,193	72	1,965,459	79
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8 and 25)	228	-	228	-
Investments accounted for using the equity method (Notes 4 and 11)	14,228	1	112,074	4
Property, plant and equipment (Notes 4 and 12)	370,494	23	360,949	14
Right-of-use assets (Notes 4 and 13)	14,458	1	15,763	1
Investment properties (Notes 4 and 14)	10,806	1	12,635	1
Goodwill (Note 4)	1,281	-	1,281	-
Deferred tax assets (Notes 4 and 20)	12,054	1	12,476	1
Prepaid equipment	19,232	1	9,844	-
Refundable deposits (Note 4)	3,030	-	3,318	-
Net defined benefit assets - non-current (Notes 4 and 17)	2,013	-	1,741	-
Other non-current assets	6,901	-	7,295	-
Total non-current assets	454,725	28	537,604	21
TOTAL	$ 1,646,918	100	$ 2,503,063	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 329,701	20	$ 789,473	32
Notes and trade payables	43,101	3	40,094	2
Other payables (Note 24)	40,766	3	51,394	2
Current tax liabilities (Notes 4 and 20)	30,985	2	106,794	4
Lease liabilities - current (Notes 4 and 13)	145	-	695	-
Current portion of long-term borrowings (Note 16)	70,000	4	-	-
Other current liabilities	5,165	-	7,982	-
Total current liabilities	519,863	32	996,432	40
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	5,317	-	5,421	-
Total liabilities	525,180	32	1,001,853	40
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares (Note 18)	749,863	46	749,863	30
Capital surplus (Note 18)	24,825	1	24,825	1
Retained earnings (Note 18)				
Legal reserve	359,278	22	321,008	13
Special reserve	98,508	6	120,578	5
(Accumulated deficit) unappropriated earnings	(2,135)	-	383,444	15
Total retained earnings	455,651	28	825,030	33
Other equity (Notes 4 and 18)				
Exchange differences on translating foreign operations	(108,601)	(7)	(98,508)	(4)
Total equity	1,121,738	68	1,501,210	60
TOTAL	$ 1,646,918	100	$ 2,503,063	100

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

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
SALES (Notes 4, 19 and 24)	$ 2,316,364	100	$ 5,271,498	100
COST OF GOODS SOLD (Notes 10 and 19)	2,082,298	90	4,760,738	90
GROSS PROFIT	234,066	10	510,760	10
UNREALIZED GAIN ON TRANSACTIONS WITH JOINT VENTURES	-	-	(6,314)	-
REALIZED GAIN ON TRANSACTIONS WITH JOINT VENTURES	3,860	-	-	-
REALIZED GROSS PROFIT	237,926	10	504,446	10
OPERATING EXPENSES (Notes 19 and 24)				
Selling and marketing expenses	51,250	2	58,502	1
General and administrative expenses	56,302	2	69,530	2
Research and development expenses	15,300	1	14,450	-
Total operating expenses	122,852	5	142,482	3
PROFIT FROM OPERATIONS	115,074	5	361,964	7
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of joint ventures (Notes 4 and 11)	(101,706)	(4)	(8,672)	-
Interest income	4,087	-	6,839	-
Rental income (Note 24)	15,625	1	15,595	-
Other income (Note 24)	24,578	1	29,461	1
Net gain on disposal of property, plant and equipment (Note 4)	9	-	-	-
Net foreign exchange gain (Notes 4 and 28)	3,490	-	81,807	1
Net (loss) gain on valuation of financial assets at FVTPL (Note 4 and 7)	(43,068)	(2)	7,683	-
Other gains and losses	(468)	-	(7)	-
Finance costs	(12,684)	(1)	(13,400)	-
Total non-operating income and expenses	(110,137)	(5)	119,306	2
PROFIT BEFORE INCOME TAX	4,937	-	481,270	9
INCOME TAX EXPENSE (Notes 4 and 20)	(29,480)	(1)	(99,945)	(2)

(Continued)

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET (LOSS) PROFIT FOR THE YEAR	(24,543)	(1)	381,325	7
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 4)	101	-	1,377	-
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 4)	(10,093)	-	22,070	1
Other comprehensive (loss) income for the year, net of income tax	(9,992)	-	23,447	1
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (34,535)	(1)	$ 404,772	8
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ (24,543)	(1)	$ 381,325	7
Non-controlling interests	-	-	-	-
	$ (24,543)	(1)	$ 381,325	7
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (34,535)	(1)	$ 404,772	8
Non-controlling interests	-	-	-	-
	$ (34,535)	(1)	$ 404,772	8
(LOSS) EARNINGS PER SHARE (Note 21)				
Basic	$ (0.33)		$ 5.09	
Diluted	$ (0.33)		$ 5.08	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

			Retained Earnings			Others	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2022	$ 749,863	$ 24,825	$ 284,987	$ 81,462	$ 360,827	$ (120,578)	$ 1,381,386
Appropriation of 2021 earnings							
Legal reserve	-	-	36,021	-	(36,021)	-	-
Special reserve	-	-	-	39,116	(39,116)	-	-
Cash dividends distributed by the Company	-	-	-	-	(284,948)	-	(284,948)
Net profit for the year ended December 31, 2022	-	-	-	-	381,325	-	381,325
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,377	22,070	23,447
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	382,702	22,070	404,772
BALANCE AT DECEMBER 31, 2022	749,863	24,825	321,008	120,578	383,444	(98,508)	1,501,210
Appropriation of 2022 earnings							
Legal reserve	-	-	38,270	-	(38,270)	-	-
Special reserve	-	-	-	(22,070)	22,070	-	-
Cash dividends distributed by the Company	-	-	-	-	(344,937)	-	(344,937)
Net loss for the year ended December 31, 2023	-	-	-	-	(24,543)	-	(24,543)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	101	(10,093)	(9,992)
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(24,442)	(10,093)	(34,535)
BALANCE AT DECEMBER 31, 2023	$ 749,863	$ 24,825	$ 359,278	$ 98,508	$ (2,135)	$ (108,601)	$ 1,121,738

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

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 4,937	$ 481,270
Adjustments for:		
Depreciation expense	24,919	23,473
Amortization expense	4,099	2,786
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	43,068	(7,683)
Finance costs	12,684	13,400
Interest income	(4,087)	(6,839)
Share of profit or loss of joint ventures	101,706	8,672
Gain on disposal of property, plant and equipment	(9)	-
(Realized) Unrealized gain on transactions with joint ventures	(3,860)	6,314
Gain on termination of leases	(1)	-
Changes in operating assets and liabilities		
Notes and trade receivables	63,619	(74,949)
Trade receivables from related parties	190,562	45,034
Other receivables	32,843	(41,641)
Other receivables from related parties	3,500	(292)
Inventories	270,653	(152,529)
Prepayments	(15,530)	172,008
Other current assets	13,965	(14,775)
Defined benefit asset	(171)	(147)
Notes and trade payables	3,007	(20,603)
Other payables	(10,628)	6,746
Other current liabilities	(492)	(544)
Cash generated from operations	734,784	439,701
Interest received	3,587	6,839
Interest paid	(13,214)	(12,911)
Income tax paid	(104,559)	(78,282)
Net cash generated from operating activities	620,598	355,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at cost	(63,765)	(15,840)
Proceeds from sale of financial assets measured at cost	50,000	3,086
Purchases of property, plant and equipment	(10,690)	(30,048)
Proceeds from disposal of property, plant and equipment	9	-
Decrease (increase) in refundable deposits	288	(6)
Increase in long-term prepaid expenses	(3,705)	(3,928)
Increase in prepaid equipment	(34,348)	(17,214)
Net cash used in from investing activities	(62,211)	(63,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(459,772)	162,473

(Continued)

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

	2023	2022
Repayments of short-term bills payable	-	(250,000)
Proceeds from long-term borrowings	70,000	-
Repayment of the principal portion of lease liabilities	(732)	(878)
Dividends paid to owners of the Company	(344,937)	(284,948)
Net cash used in financing activities	(735,441)	(373,353)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(7,344)	15,843
NET DECREASE IN CASH AND CASH EQUIVALENTS	(184,398)	(66,113)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	366,480	432,593
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 182,082	$ 366,480

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

1. GENERAL INFORMATION

Mechema Chemicals International Corp. (the "Company") was incorporated in the Republic of China (ROC) on June 30, 1992. The Company is mainly engaged in the following activities:

a. Manufacturing, sales, import and export of cobalt and its compounds and manganese and its compounds;

b. Sales, import and export of cobalt and manganese.

Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2023 is NT$749,863 thousand.

The Company's shares have been listed on the Taipei Exchange ("TPEx") since March 9, 2001.

Organization and Operations of the Subsidiaries

Mechema Chemicals (Thailand) Co., Ltd. (MT), a company established in April 1996. It is mainly engaged in manufacturing of oxidation catalysts. The paid-in capital as of December 31, 2023 is THB31,000 thousand.

PT Mechema Indonesia (MI), a company established in April 1998. It is mainly engaged in the manufacturing of oxidation catalysts. Over the years after several rounds of increase in cash capital, the paid-in capital as of December 31, 2023 is IDR29,910,650 thousand.

Mechema Korea Co., Ltd. (MK), a company established in April 1999. It is mainly engaged in the manufacturing of oxidation catalysts. Over the years after several rounds of increase in cash capital, the paid-in capital as of December 31, 2023 is KRW4,382,020 thousand.

Catalyst Development Co., Ltd. (Catalyst) is a company established in September 2001. It is mainly engaged in investments in mainland China. Over the years after several rounds of increase in cash capital, the paid-in capital as of December 31, 2023 is US$8,100 thousand.

Mechema Chemical (Xiamen) Co., Ltd. (Xiamen) is a company established in September 2001. It is mainly engaged in real estate business. The paid-in capital as of December 31, 2023 is RMB25,925 thousand.

Mechema Chemical (Shang Yu) Co., Ltd. (Shang Yu) is a company established in August 2005. It is mainly engaged in the manufacturing of oxidation catalysts. The paid-in capital as of December 31, 2023 is RMB46,518 thousand.

Mechema Chemical (Malaysia) Co., Ltd. (MM) is a company established in January 2008. It is mainly engaged in the manufacturing of oxidation catalysts. The paid-in capital as of December 31, 2023 is MYR5,000 thousand.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on March 13, 2024.

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

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

The above-mentioned initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

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

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New, Amended and Revised Standards 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 by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisition up to the effective dates of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Pursuant to the above basis of preparation of the consolidated financial statements, the detailed information of the subsidiaries was as follows:

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest December 31 2023	2022
The Company	Mechema Chemicals (Thailand) Co., Ltd.("MT")	Manufacturing of oxidation catalysts	100.00	100.00
	PT Mechema Indonesia ("MI")	Manufacturing of oxidation catalysts	100.00	100.00
	Mechema Korea Co., Ltd. ("MK")	Manufacturing of oxidation catalysts	100.00	100.00
	Mechema Chemical (Malaysia) Co., Ltd.("MM")	Manufacturing of oxidation catalysts	100.00	100.00
	Catalyst Development Co., Ltd.("Catalyst")	Investment	100.00	100.00
Catalyst	Mechema Chemical (Xiamen) Co., Ltd. ("Xiamen")	Real estate business	62.69	62.69
	Mechema Chemical (Shang Yu) Co., Ltd. ("Shang Yu")	Manufacturing of oxidation catalysts	100.00	100.00
Shang Yu	Mechema Chemical (Xiamen) Co., Ltd. ("Xiamen")	Real estate business	37.31	37.31

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Foreign Currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries, associates, joint ventures and branches in other countries that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar. Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

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

Investments in Joint Ventures

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in joint ventures.

Under the equity method, investments in a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. The Group also recognizes the changes in the Group's share of equity of joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that joint venture directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Property, Plant and Equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rental and for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for currently undetermined future use.

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

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

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

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Intangible Assets Other than Goodwill

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

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

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

Financial Instruments

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

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

a. Financial assets

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

   1) Measurement categories

      Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

      a) Financial asset at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in in Note 23.

      b) Financial assets at amortized cost

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

         i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade and notes receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals to the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

b. Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

Revenue Recognition

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

Sale of goods

Revenue from the sale of goods comes from sales of electronic components and various chemical catalysts. Electronic components and various chemical catalysts are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and has the primary responsibility for sales to future customers and bear the risks of obsolescence. Trade receivable is recognized concurrently.

Leasing

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

a. The Group as lessor

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

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

b. The Group as lessee

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

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

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

   Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Mechema Chemicals (Thailand) Co., Ltd., PT Mechema Indonesia and Catalyst Development Co., Ltd. have no pension plans and thus do not contribute to pension funds and do not recognize pension costs.

Mechema Korea Co., Ltd. makes monthly contributions to pension funds of monthly salaries and wages.

Mechema Chemical (Xiamen) Co., Ltd. ("Xiamen") and Mechema Chemical (Shang Yu) Co., Ltd. ("Shang Yu") are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits under the current regulations of the mainland China.

Mechema Chemical (Malaysia) Co., Ltd. contributes to pension funds under the current regulations of the local government.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 313	$ 384
Checking accounts and demand deposits	152,065	296,263
Time deposits	61,700	88,105
	214,078	384,752
Less: Pledged deposits	(2,391)	(2,432)
Time deposits with original maturities of more than three months	(29,605)	(15,840)
	$ 182,082	$ 366,480

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.30%-5.25% and 0.30%-3.75% per annum as of December 31, 2023, and 2022, respectively.

b. Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and bank acceptances are subject to an insignificant risk of changes in value. Pledged deposits are pledged to secure the loan facilities granted by a bank to the Group (refer to Note 25) and are recognized under financial assets at amortized cost.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	**2022**
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ -	$ 43,068

The Group have successively received the notification from the fund invested by it, Spectra SPC Powerfund (Powerfund Fund) in March and April 2023. The fund will suspend the calculation of net asset value and defer fund redemptions starting from March 1, 2023, and will announce on April 21, 2023, that the fund will undergo formal voluntary liquidation procedures. The impact of the above event has caused the significant uncertainty in the market quotations and responsiveness of transactions in the market of the financial assets at fair value through profit or loss in the Group's investment accounts. Upon re-evaluation on the reliability of the information about the funds, restrictive conditions, responsiveness in the current market and significant uncertain in the transactions, the Group included the effect into the evaluation on the fair value of financial assets at fair value through profit or loss and fully recognized the valuation loss on financial assets at fair value through profit or loss of $43,068 thousand, stated as loss on valuation of financial assets at FVTPL in 2023.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 29,605	$ 15,840
Pledged deposits (bank guarantee)	2,163	2,204
	$ 31,768	$ 18,044
Non-current		
Pledged deposits (performance security deposit)	$ 228	$ 228

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.55%-5.00% and 1.65%-3.75% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 25 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES AND TRADE RECEIVABLES

	December 31	
	2023	2022
Notes receivable	$ 236,945	$ 230,217
Trade receivables	225,386	296,656
	462,331	526,873
Less: Allowance for impairment loss	(1,021)	(1,944)
	$ 461,310	$ 524,929

Notes and Trade Receivables at Amortized Cost

The average credit period for sales of goods is 30 to 90 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on notes and accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position and adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off the notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the notes and accounts receivable are over 180 days past due, whichever occurs earlier.

The following table details the loss allowance of notes and trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 421,158	$ 41,173	$ -	$ -	$ -	$ 462,331
Loss allowance (Lifetime ECL)	(1,021)	-	-	-	-	(1,021)
Amortized cost	$ 420,137	$ 41,173	$ -	$ -	$ -	$ 461,310

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 470,739	$ 43,091	$ 1,989	$ 11,054	$ -	$ 526,873
Loss allowance (Lifetime ECL)	(1,944)	-	-	-	-	(1,944)
Amortized cost	$ 468,795	$ 43,091	$ 1,989	$ 11,054	$ -	$ 524,929

The movements of the loss allowance of notes and trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of the period	$ 1,944	$ 1,233
Add: Impairment losses recognized	-	711
Less: Impairment losses reversed	(923)	-
Balance at the end of the period	$ 1,021	$ 1,944

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 135,103	$ 129,818
Work-in-process	111,961	184,333
Raw materials	110,028	313,594
	$ 357,092	$ 627,745

The cost of inventories recognized as the cost of goods sold in the years ended December 31, 2023 and 2022 included $2,082,298 thousand and $4,760,738 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included reversals of inventory write-downs of $39,208 thousand and inventory write-downs of $45,699 thousand, respectively. The reversal of inventory write-downs was due to increased selling prices in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Joint Ventures

	December 31			
	2023		2022	
	Original Cost	Carrying Amount	Original Cost	Carrying Amount
Unlisted companies				
Mechema Toda Corporation	$ 150,100	$ 14,228	$ 150,100	$ 112,074

As of December 31, 2023 and 2022, the detail of the proportion of ownership and voting rights in joint ventures were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Joint Ventures	2023	2022
Mechema Toda Corporation	50%	50%

In addition, the Group also hold preferred shares do not assign voting rights to their holders, thus shall receive preference share dividends, which were based on sales quantity.

Refer to Table 5 of Note 29 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the joint ventures.

Summarized financial information in respect of each of the Group's material joint ventures is set out below:

	December 31	
	2023	2022
Cash and cash equivalents	$ 7,141	$ 7,729
Current financial liabilities (exclude trade payables, other payables and provisions)	$ 201,620	$ 256,635
Current assets	$ 255,755	$ 686,383
Non-current assets	$ 75,935	$ 81,715
Current liabilities	$ 276,673	$ 529,670
Non-current liabilities	$ 20,000	$ -

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 881,527	$ 2,574,615
Depreciation expenses and amortization expenses	$ 24,997	$ 37,411
Net exchange gain	$ 1,601	$ 18,778
Income tax expenses/(benefits)	$ 423	$ (1,185)
Net loss for the year	$ (203,412)	$ (17,344)
Dividends received	$ -	$ -
Net loss attributable to preferred stock	$ -	$ -
Net loss attributable to common stock	(203,412)	(17,344)
	$ (203,412)	$ (17,344)

For the years ended December 31, 2023 and 2022, the detail of share of profit or loss of joint ventures were as follows:

	For the Year Ended December 31	
	2023	2022
Attributable to preferred stock	$ -	$ -
Attributable to common stock	(101,706)	(8,672)
	$ (101,706)	$ (8,672)

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Trans-portation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2023	$ 187,239	$ 207,131	$ 263,124	$ 27,061	$ 15,884	$ 18,091	$ 718,530
Additions	-	388	4,511	734	1,720	1,542	8,895
Disposals	-	-	(2,692)	(528)	-	(86)	(3,306)
Transfer from prepayments for equipment	-	267	19,217	-	461	5,269	25,214
Effect of exchange rate changes	(1,054)	(1,090)	(2,269)	(221)	(195)	44	(4,785)
Balance at December 31, 2023	$ 186,185	$ 206,696	$ 281,891	$ 27,046	$ 17,870	$ 24,860	$ 744,548
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 103,790	$ 212,776	$ 18,352	$ 8,594	$ 14,069	$ 357,581
Depreciation	-	7,399	9,610	2,064	1,866	1,320	22,259
Disposals	-	-	(2,692)	(528)	-	(86)	(3,306)
Effect of exchange rate changes	-	(496)	(1,763)	(128)	(129)	36	(2,480)
Balance at December 31, 2023	$ -	$ 110,693	$ 217,931	$ 19,760	$ 10,331	$ 15,339	$ 374,054
Carrying amount at December 31, 2023	$ 186,185	$ 96,003	$ 63,960	$ 7,286	$ 7,539	$ 9,521	$ 370,494
Cost							
Balance at January 1, 2022	$ 175,357	$ 187,888	$ 237,833	$ 24,648	$ 9,125	$ 16,845	$ 651,696
Additions	9,829	3,486	11,871	1,218	2,951	858	30,213
Disposals	-	-	(281)	-	-	-	(281)
Transfer from prepayments for equipment	-	12,825	7,407	152	3,557	-	23,941
Effect of exchange rate changes	2,053	2,932	6,294	1,043	251	388	12,961
Balance at December 31, 2022	$ 187,239	$ 207,131	$ 263,124	$ 27,061	$ 15,884	$ 18,091	$ 718,530
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 95,324	$ 199,125	$ 15,522	$ 7,242	$ 12,727	$ 329,940
Depreciation	-	7,240	8,573	2,344	1,146	959	20,262
Disposals	-	-	(281)	-	-	-	(281)
Effect of exchange rate changes	-	1,226	5,359	486	206	383	7,660
Balance at December 31, 2022	$ -	$ 103,790	$ 212,776	$ 18,352	$ 8,594	$ 14,069	$ 357,581
Carrying amount at December 31, 2022	$ 187,239	$ 103,341	$ 50,348	$ 8,709	$ 7,290	$ 4,022	$ 360,949

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

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

Buildings	
Main buildings	36-56 years
Fire protection engineering	3-8 years
Hydropower engineering	6-10 years
Steel structure engineering	11-16 years
Other buildings	2-16 years
Equipment	3-20 years
Transportation equipment	3-10 years
Office equipment	3-10 years
Other equipment	3-16 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 14,317	$ 15,106
Transportation equipment	141	657
	$ 14,458	$ 15,763

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 340	$ 351
Depreciation charge for right-of-use assets		
Land	$ 338	$ 339
Transportation equipment	699	903
	$ 1,037	$ 1,242

The Group terminated the lease of partial transportation equipment in advance in 2023. The above right-of-use assets were deducted by $157 thousand and recognized gain on termination of leases of $1 thousand.

Other than the above event, additions and depreciation expense recognized, there were no significant subleases or impairments of the Group’s right-of-use assets in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 145	$ 695

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Transportation equipment	1.6%-1.7%	1%

c. Material lease-in activities and terms

Since lands in the PRC and Malaysia could not be directly acquired due to restrictions of laws, they were obtained by way of a lease with a terms of 50 and 86 years, respectively. The Group's land use rights in the PRC and Malaysia have been paid in full at the inception of the lease.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Total cash outflow for leases	$ 781	$ 1,000

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	$ 6,262	$ 67,921	$ 74,183
Effect of exchange rate changes	(115)	(1,248)	(1,363)
Balance at December 31, 2023	$ 6,147	$ 66,673	$ 72,820
Accumulated depreciation			
Balance at January 1, 2023	$ 1,026	$ 60,522	$ 61,548
Depreciation expenses	178	1,445	1,623
Effect of exchange rate changes	(22)	(1,135)	(1,157)
Balance at December 31, 2023	$ 1,182	$ 60,832	$ 62,014
Carrying amount at December 31, 2023	$ 4,965	$ 5,841	$ 10,806
Cost			
Balance at January 1, 2022	$ 6,171	$ 66,935	$ 73,106
Effect of exchange rate changes	91	986	1,077
Balance at December 31, 2022	$ 6,262	$ 67,921	$ 74,183

(Continued)

	Land	Buildings	Total
Accumulated depreciation			
Balance at January 1, 2022	$ 835	$ 57,885	$ 58,720
Depreciation expenses	179	1,790	1,969
Effect of exchange rate changes	12	847	859
Balance at December 31, 2022	$ 1,026	$ 60,522	$ 61,548
Carrying amount at December 31, 2022	$ 5,236	$ 7,399	$ 12,635

(Concluded)

The Group leased out its property for rental income and reclassified it at its carrying amount as an investment property.

The above items of investment properties are depreciated on a straight-line basis as follows:

Land	50 years
Buildings	20 years

The Group's investment property was located in Xiamen Industrial District, China.

As these districts have neither active markets nor open information, the information on comparable market transactions are uncommon and alternative reliable measurements of the fair value estimates are not available.

The investment properties were leased out for 7 years, with an option to extend. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The total amount of rental payments that will be collected for the lease of investment property under operating leases is as follows:

	December 31	
	2023	2022
Year 1	$ 5,250	$ 5,090
Year 2	5,313	5,281
Year 3	5,512	5,344
Year 4	5,578	5,545
Year 5	5,788	5,611
Year 6	1,464	5,822
Year 7	-	1,473
	$ 28,905	$ 34,166

15. PREPAYMENTS

Prepayments are the prepayment to the vendors of inventory.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Line of credit borrowings	$ 329,701	$ 789,473

The above amounts represented the revolving facility (for operating capital demand) of a bank loan. The range of weighted average effective interest rates on bank loans was 1.65%-6.51% and 1.40%-5.67% per annum on December 31, 2023 and 2022.

b. Long-term borrowings

	December 31	
	2023	2022
Bank loans	$ 70,000	$ -
Less: Current portion	(70,000)	-
Long-term borrowings	$ -	$ -

For the year ended December 31, 2023, the Group obtained a newly appropriated bank loan of $70,000 thousand, with an interest rate of 0.5% above the 2-year floating rate for post office savings, which is repayable in 5 years. However, the loan is classified as a current portion of long-term loan because the Group expects to repay the loan within 1 year. According to the loan agreement, the bank loan was guaranteed by the Taiwan SMEG at 80%, with a grace period of 2 years and a 1 year interest rate waiver of 1.595%, after which the principal was to be repaid in equal monthly installments.

c. The above items of borrowings of the Group have been jointly guaranteed by the chairman of the board of the Company.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in PRC, Korea and Malaysia are members of a state-managed retirement benefit plan operated by the government of PRC, Korea and Malaysia. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

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

18. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Numbers of shares authorized (in thousands)	86,000	86,000
Shares authorized	$ 860,000	$ 860,000
Number of shares issued and fully paid (in thousands)	74,986	74,986
Shares issued	$ 749,863	$ 749,863

Ordinary shares are issued with a nominal amount of NT$10 per share. All of the shares were ordinary shares, each carrying the right to vote and receive dividends.

b. Capital surplus

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors before and after amendment, refer to Note 19(d).

If the dividends referred to in the preceding paragraph are distributed in cash, the board of directors shall be authorized with the presence of at least two-thirds of the directors and the approval of a majority of the directors present and to report the matter to the shareholders’ meeting.

In accordance with Article 241 of the Company Act, the Company shall distribute all or part of the legal reserve and capital surplus in new shares or cash in proportion to the shareholders’ original shares and shall authorize the board of directors to resolve the matter with the presence of at least two-thirds of the directors and the approval of a majority of the directors present and to report the matter to the shareholders’ meeting.

In addition to referring general distribution level of dividends, the Company's dividend policy is based on the consideration of the future capital needs and long-term financial planning. Shareholders' dividends and bonuses shall be appropriated for an amount more than 50% of the distributable earnings in the current year; also, the distribution of dividends shall include at least 10% in cash and 90% in stock. The type of distribution may change according to circumstances of profitability and capital and may be adjusted during the annual shareholders' meeting.

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

The appropriations of earnings for 2022 and 2021 were approved in the shareholders' meetings on June 27, 2023 and June 22, 2022, respectively, and were as follows:

	Appropriation of Earnings	
	2022	**2021**
Legal reserve	$ 38,270	$ 36,021
Special reserve	$ (22,070)	$ 39,116
Cash dividends	$ 344,937	$ 284,948
Cash dividends per share (NT$)	$ 4.60	$ 3.80

The statements of deficit compensation for 2023, which was proposed by the Company's board of directors on March 13, 2024, was as follows:

	2022
Legal reserve to offset accumulated deficits	$ 2,135

In addition, the Company's Board of Directors proposed a cash distribution of $82,485 thousand from legal reserve on March 13, 2024.

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 20, 2024.

d. Special reserve

On the first-time adoption of IFRS Accounting Standards, the Company appropriated for special reserve, the amounts that were the same as the cumulative translation differences transferred to retain earnings, which were $29,383 thousand.

Additional special reserves should be appropriated for the amount equal to the difference between net debit balance reserves. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

As of December 31, 2022 and 2021, exchange differences on translating foreign operations were negative and less than and greater than the amount on account, respectively. In response to the aforementioned regulations, the Company reversed and recognized special reserves of $22,070 thousand and $39,116 thousand, respectively, which were made in the appropriations of earnings for 2022 and 2021.

e. Other equity

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. When all or a part of the foreign operations are disposed of, exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

19. NET PROFIT

a. Net revenue

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 2,316,364	$ 5,271,498

1) Contract information

Revenue from the sale of goods

The Group sells battery cathode materials and oxidation catalysts, which are manufactured by clients' orders and recognizes revenue at which time the goods are delivered to the customer's specific location. The Group does not provide any after-sales services, such as warranty, right to return, etc. The quotation of products is based on the current market price of the raw materials and the expected profit. The term of sales of products is fixed price, not volatile. Since payment terms granted to customers are usually less than 120 days, there is no significant financing component from contracts with customers.

2) Contact balances

	December 31	
	2023	2022
Notes and trades receivable, net (Note 9)	$ 461,310	$ 524,929
Trades receivable from related parties (Note 24)	$ 67,818	$ 258,380

3) Disaggregation of revenue from customer contracts

2023

	Battery Material Department	Oxidation Catalyst	Total
Sale of goods	$ 695,099	$ 1,621,265	$ 2,316,364

2022

	Battery Material Department	Oxidation Catalyst	Total
Sale of goods	$ 2,488,963	$ 2,782,535	$ 5,271,498

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 22,259	$ 20,262
Investment properties	1,623	1,969
Right-of-use assets	1,037	1,242
Long-term prepaid expenses	4,099	2,786
	$ 29,018	$ 26,259
An analysis of deprecation by function		
Operating costs	$ 15,418	$ 14,415
Operating expenses	9,501	9,058
	$ 24,919	$ 23,473
An analysis of amortization by function		
Operating costs	$ 3,194	$ 2,371
Operating expenses	905	415
	$ 4,099	$ 2,786

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits		
Salaries and wages	$ 80,887	$ 97,160
Insurance premiums for employee	6,540	6,266
	87,427	103,426
Post-employment benefits (Note 17)		
Defined contribution plans	3,409	2,474
Defined benefit plans	(25)	-
	3,384	2,474
Other employee benefits	3,411	5,099
Total employee benefits expense	$ 94,222	$ 110,999
An analysis of employee benefits expense by function		
Operating costs	$ 40,398	$ 46,619
Operating expenses	53,824	64,380
	$ 94,222	$ 110,999

d. Compensation of employees and remuneration of directors

The Company distributed employees' compensation and directors' remuneration at the rates of not less than 1% and not higher than 5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on March 13, 2024 and March 22, 2023, respectively, were as follows:

	2023		**2022**	
	Employees' Compensation in Cash	**Remuneration of Directors in Cash**	**Employees' Compensation in Cash**	**Remuneration of Directors in Cash**
Amounts approved in the board of directors' meeting	$ 1,250	$ 365	$ 5,896	$ 2,200
Amounts recognized in the annual financial statements	$ 1,250	$ 365	$ 5,896	$ 2,000

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

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

20. INCOME TAXES

a. Income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current period	$ 29,961	$ 104,978
Income tax on unappropriated earnings	1,078	6
Adjustments for prior year	(1,877)	312
	29,162	105,296
Deferred tax		
In respect of the current period	318	(5,351)
Income tax expense recognized in profit or loss	$ 29,480	$ 99,945

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 4,937	$ 481,270
Income tax expense at the statutory rate	$ (6,888)	$ 99,013
Nondeductible expenses and tax-exempt income in determining taxable income	29,786	2,418
Unrecognized loss carryforwards and deductible temporary differences	7,381	(1,804)
Income tax on unappropriated earnings	1,078	6
Adjustment for prior year's tax	(1,877)	312
Income tax expense recognized in profit or loss	$ 29,480	$ 99,945

The local tax rate in Taiwan is 20%. The local tax rate in PRC is 25%. The tax rate in Korea is a progressive tax. The tax rate is 9% on the first KRW200 million of taxable income, 19% on taxable income over KRW200 million up to KRW20 billion, and 21% on taxable income over KRW20 billion. The local tax rates in Thailand, Indonesia and Malaysia are 20%, 22% and 24%, respectively.

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 11,297	$ 11,709
Current tax liabilities		
Income tax payable	$ 30,985	$ 106,794

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Depreciation expense	$ 349	$ (335)	$ 14
Unrealized gross profit	2,451	(729)	1,722
Impairment losses on financial instruments	-	8,474	8,474
Allowance for written-down inventories	9,472	(7,841)	1,631
Unrealized gain	204	9	213
	$ 12,476	$ (422)	$ 12,054

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance

Deferred tax liabilities

Temporary differences			
Financial assets at FVTPL	$ 5,216	$ (139)	$ 5,077
Defined benefit obligations	205	35	240
	$ 5,421	$ (104)	$ 5,317

(Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Depreciation expense	$ 836	$ (487)	$ 349
Unrealized gross profit	3,888	(1,437)	2,451
Allowance for written-down inventories	332	9,140	9,472
Unrealized gain	504	(300)	204
	$ 5,560	$ 6,916	$ 12,476
Deferred tax liabilities			
Temporary differences			
Financial assets at FVTPL	$ 3,680	$ 1,536	$ 5,216
Defined benefit obligations	176	29	205
	$ 3,856	$ 1,565	$ 5,421

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards	$ 62,518	$ 33,911

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $268,430 thousand and $311,205 thousand, respectively.

f. Income tax assessments

The Company's income tax returns through 2021 have been examined by the tax authorities. The Company's subsidiaries are located in PRC, Korea, Indonesia and Thailand. The aforementioned tax authorities will not take the initiative to send tax return assessments to enterprises. When there are tax disputes, they issue a tax payment notice to enterprises and reserve the right to propose additional taxes.

21. (LOSS) EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic (loss) earnings per share	$ (0.33)	$ 5.09
Diluted (loss) earnings per share	$ (0.33)	$ 5.08

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share from continuing operations were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net (loss) profit used to calculate basic (loss) earnings per share	$ (24,543)	$ 381,325
Net (loss) profit used to calculate diluted (loss) earnings per share	$ (24,543)	$ 381,325

The weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of shares of common stock used to calculate basic (loss) earnings per share	74,986	74,986
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	66
Weighted average number of shares of common stock used to calculate diluted (loss) earnings per share	74,986	75,052

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Due to the deficits in 2023, the employee share option are anti-dilutive and excluded from the computation of diluted loss per share.

22. CAPITAL MANAGEMENT

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

The Group regularly reviews the appropriate categories of capital structure. The Group managers determine a reasonable proportion of the Group's capital structure based on the cost of capital and the risks associated with the various types of capital. The Group is not subject to any externally imposed capital requirements.

23. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial instruments not measured at fair value (cash and cash equivalents, financial assets at amortized cost, notes and trades receivable, trades receivable from related parties, other receivables, other receivables from related parties and refundable deposits) and financial liabilities (short-term borrowings, notes and trade payables, other payables and current portion of long-term borrowings) recognized in the consolidated financial statements approximate their fair values.

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

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ -	$ -	$ -	$ -

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 43,068	$ -	$ -	$ 43,068

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 43,068
Financial assets at amortized cost (Note 1)	761,344	1,222,330
Financial liabilities		
Financial liabilities measured at amortized cost (Note 2)	483,568	880,961

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents (including pledged deposits), notes and trade receivables (included related parties), other receivables (included related parties) and guarantee deposits.

Note 2: The balance includes financial liabilities at amortized cost, which comprise short-term borrowings, notes and trade payables, other payables, current portion of long-term borrowings and financial liabilities at amortized cost - current.

d. Financial risk management objectives and policies

Based on the internal report containing analysis of the exposure of and the amount involved in risks by financial units, the Group monitors and manages financial risks relating to the enterprise as a whole, the domestic and international financial market and the operations of the Group. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial units of the Group constantly report to the management. Management will then monitor the risks and execute policies according to its duties and responsibilities so as to mitigate exposure.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group has foreign currency-denominated transactions that are exposed to the risk caused by the fluctuation of exchange rates in the market. To monitor the risk, the responsible team of the Group reviews constantly the portion of assets and liabilities that are exposed to the risk and makes the appropriate adjustments so as to control any risk arising from the fluctuation of exchange rates.

Since the principal currency of the Group is the US dollar, thus the Group is exposed to the risk of exchange rate fluctuation. Fortunately, the risk is mitigated as the majority of receivables and payables and bank borrowings are denominated in US dollars.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar ("USD").

The following table details the Group's sensitivity to a 10% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. A 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and it adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 10% against the relevant currency. For a 10% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss*	$ 2,264	$ 5,970

* This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is subject to interest rate risk arising from bank deposits and borrowings bearing floating interest rates. The current policy of the Group is to maintain borrowings bearing a floating interest rate so as to mitigate risk arising from interest rate fluctuation. There is no financial instrument held for hedging purposes. Management of the Group reviews interest rate risk periodically and will implement measures when necessary to address significant interest rate risk for proper monitoring in light of any change in market interest rate.

Sensitivity analysis

The following sensitivity analysis is prepared based on the exposure to the interest rate of the non-derivative instruments at the end of the reporting period.

A 0.5% increase or decrease has been used by the Group as a reasonable estimation of interest rate fluctuation when reporting to the management. With other variations remaining unchanged, without taking into account capitalization of interests, if the interest rate increased by 0.5%, the profit and loss of the Group for the years ended 2023 and 2022 would have been decreased by $930 thousand and $2,026 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts.

The Group transacted with a large number of customers who are mainly internationally renowned brands of chemical business and are not connected. Credit assessments on the financial status of the clients have been conducted. Therefore, it is expected that the credit risk from accounts receivables is minimal.

The maximum exposure of the Group to credit risk is the net amount of carrying amount less the amount required to be offset and impairment loss required to be recognized under relevant rules (i.e., carrying amount of financial assets), without taking into account any security and other credit enhancement.

3) Liquidity risk

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

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

a) Liquidity and interest rate risk table

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

To the extent that interest rates are floating, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	Weighted Average Effective Interest Rate (%)	**Less Than 1 Year**	**1 Year to 5 Years**	**Total**
Non-interest bearing liabilities				
Notes payable and trade payables	-	$ 43,101	$ -	$ 43,101
Other payables	-	40,766	-	40,766
Lease liabilities	-	145	-	145
Interest bearing liabilities				
Short-term borrowings	2.49	329,701	-	329,701
Long-term borrowings	2.095	70,000	-	70,000
		$ 483,713	$ -	$ 483,713

December 31, 2022

	Weighted Average Effective Interest Rate (%)	Less Than 1 Year	1 Year to 5 Years	Total
Non-interest bearing liabilities				
Notes payable and trade payables	-	$ 40,094	$ -	$ 40,094
Other payables	-	51,394	-	51,394
Lease liabilities	-	695	-	695
Interest bearing liabilities				
Short-term borrowings	2.54	789,473	-	789,473
		$ 881,656	$ -	$ 881,656

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities:		
Amount unutilized	$ 2,237,433	$ 1,545,192

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Company
Mechema Toda Corporation	Joint venture (please refer to Note 11)

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Name	2023	2022
Sales	Mechema Toda Corporation	$ 695,099	$ 2,488,963

There are no comparable unrelated parties due to payment terms offered to related parties being similar to those offered to third parties.

c. Trade receivables from related parties

Related Party Name	December 31 2023	December 31 2022
Mechema Toda Corporation	$ 67,818	$ 258,380

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

1) Rental income

Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Mechema Toda Corporation	$ 10,806	$ 10,806

2) Commission income

Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Mechema Toda Corporation	$ 1,699	$ 3,252

3) Other income

Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Mechema Toda Corporation	$ 17,458	$ 22,523

Other income includes income from human resources outsourcing and product inspection.

4) Other receivables from related parties

Related Party Name	December 31 2023	December 31 2022
Mechema Toda Corporation	$ 67	$ 3,567

Other receivables from related parties were generated by the collection and payment service, commission income and other income.

5) Other payables to related parties

Related Party Name	December 31 2023	December 31 2022
Mechema Toda Corporation	$ -	$ 45

e. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits		

	2023	2022
Salaries and wages	$ 30,467	$ 31,011
Post-employment benefits	653	662
	$ 31,120	$ 31,673

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

25. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for bank guarantee and the deposits for administrative purposes:

	December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost)		
Current	$ 2,163	$ 2,204
Non-current	228	228
	$ 2,391	$ 2,432

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group on December 31, 2023 and 2022 were as follows:

As of December 31, 2023, subsidiaries were guaranteed by the Company, which were $122,821 thousand. Please refer to Table 2 of Note 29.

27. CASH FLOW INFORMATION

Investing and financing activities that affect both cash and non-cash items:

	For the Year Ended December 31	
	2023	2022
Increase in property, plant and equipment	$ 8,895	$ 30,213
Decrease (increase) in payables for purchased equipment	1,795	(165)
Payment in cash for the acquisition of property, plant and equipment	$ 10,690	$ 30,048

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Function Currency	Exchange Rate (Note)	Carrying Amount

	Foreign Currency	Function Currency	Exchange Rate (Note)	Carrying Amount
Financial assets				
Monetary items				
USD	$ 1,241	NTD	30.71	$ 38,103
USD	19	IDR	30.71	582
USD	1,038	KRW	30.71	31,877
USD	289	THB	30.71	8,868
USD	102	MYR	30.71	3,143
USD	448	USD	30.71	13,765
				$ 96,338
Financial liabilities				
Monetary items				
USD	2,334	NTD	30.71	$ 71,669
USD	59	RMB	30.71	1,817
USD	7	KRW	30.71	215
				$ 73,701

December 31, 2022

	Foreign Currency	Function Currency	Exchange Rate (Note)	Carrying Amount
Financial assets				
Monetary items				
USD	$ 7,537	NTD	30.71	$ 231,468
USD	19	IDR	30.71	584
USD	960	KRW	30.71	29,480
USD	31	THB	30.71	952
USD	23	MYR	30.71	721
USD	448	USD	30.71	13,764
				$ 276,969
Financial liabilities				
Monetary items				
USD	7,075	NTD	30.71	$ 217,267

Note: Exchange rates represent the closing exchange rate of foreign currency into New Taiwan dollars.

Information on foreign exchange gains and losses in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Unrealized foreign exchange (loss) gain	$ (1,934)	$ 1,803
Realized foreign exchange gain	5,424	80,004
Net foreign exchange gain	$ 3,490	$ 81,807

It is impractical to disclose net foreign exchange gain (loss) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties of at least NT$100 million or 20% of paid-in capital. (None)

9) Trading in derivative instruments (None)

10) Information on investees (Table 5)

11) Intercompany relationships and significant intercompany transactions (Table 7)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inflow and outflow of capital, percentage of ownership, investment gain or loss, ending balance, the amount received as dividends from the investee and limitation on investee. (Table 6)

2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 6)

   a) The purchase amounts and percentage of total purchases and the payables' balances and percentage of the total payables at the end of the period.

   b) The sales amount and percentage of total sales and the receivables' balances and percentage of the total receivables at the end of the period.

   c) The amount of real estate property transactions and the amount of the related gains or losses.

   d) The ending balance of negotiable instrument endorsements/guarantees or pledges of collateral and the related purposes.

e) The highest balance during the period, the ending balance, the interest rate range, and total interest for the period in respect of financial funding.

f) Other transactions that have a significant effect on the profit or loss or the financial position, such as the rendering or receipt of services.

c. Major shareholder information

Shareholder name, shareholding shares and proportion with share ratio is more than 5% (Table 8)

30. SEGMENT INFORMATION

a. Operating segments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group focuses its business mainly on the manufacturing and sales of Cobalt and Manganese and their compounds, and the operating income of the operating activities accounts for more than 90% of the total revenue. According to IFRS 8, the Group has organized management and resource allocation in a single department.

b. Geographical information

The Group's non-current assets located in a single foreign country (excluding financial instruments, deferred tax assets and defined benefit assets) and information about its revenue by geographical location are detailed below:

	2023		2022	
	Non-current Assets	**Net Sales**	**Non-current Assets**	**Net Sales**
Taiwan	$ 298,184	$ 950,855	$ 274,191	$ 2,911,707
China	47,563	498,442	53,286	419,518
Korea	51,221	207,677	54,533	320,360
Thailand	15,067	132,845	14,413	334,991
Malaysia	7,540	30,780	7,311	35,543
Indonesia	6,627	127,040	7,351	158,054
Others	-	368,725	-	1,091,325
	$ 426,202	$ 2,316,364	$ 411,085	$ 5,271,498

c. Information on major customers

Customers representing more than 10% of the Group's total income as shown in the consolidated statements of comprehensive income were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	**%**	**Amount**	**%**
Company A	$ 695,099	30	$ 2,488,963	47
Company B	399,445	17	-	-
	$ 1,094,544		$ 2,488,963	

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	The Company	Mechema Chemical (Malaysia) Co., Ltd.	Other receivables from related parties	Yes	US$1,000 thousand (equivalent to NT$32,425 thousand)	US$1,000 thousand (equivalent to NT$30,705 thousand)	$ 13,817	6.50	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 112,174	$ 336,521
		Mechema Chemical (Shang Yu) Co., Ltd.	Other receivables from related parties	Yes	US$1,000 thousand (equivalent to NT$32,425 thousand)	US$1,000 thousand (equivalent to NT$30,705 thousand)	-	6.50	The need for short-term financing	-	Operating capital	-	-	-	112,174	336,521
		Mechema Chemical (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	US$1,000 thousand (equivalent to NT$32,425 thousand)	US$1,000 thousand (equivalent to NT$30,705 thousand)	-	6.50	The need for short-term financing	-	Operating capital	-	-	-	112,174	336,521

Note 1: The Company’s lending limits for individual counterparties shall not exceed 10% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 2: The total financing limit amount for the Company shall not exceed 30% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 3: According to the Company’s guidance of financing provided to others, the amount financing limit is based on the net value of the most recent financial statements reviewed or audited by the CPA. The information on the limit of endorsements/guarantees announced by the Company in December 2023 were $111,799 thousand and $335,397 thousand, respectively, which were different from the amounts listed above, and the reason is that the financial statements of the Company for the year ended December 31, 2023 have not been audited by CPA at the announcement moment; thus, the Company announced the information based on the financial statement for the nine months ended September 30, 2023.

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Mechema Chemicals (Thailand) Co., Ltd.	b.	$ 224,348	US$400 thousand (equivalent to NT$12,970 thousand)	US$400 thousand (equivalent to NT$12,282 thousand)	$ -	$ -	1.09	$ 336,521	Yes	No	No
		Mechema Korea Co., Ltd.	b.	224,348	US$900 thousand (equivalent to NT$29,183 thousand)	US$900 thousand (equivalent to NT$27,635 thousand)	-	-	2.46	336,521	Yes	No	No
		Mechema Chemical (Xiamen) Co., Ltd.	b.	224,348	US$900 thousand (equivalent to NT$29,183 thousand)	US$900 thousand (equivalent to NT$27,635 thousand)	1,817	-	2.46	336,521	Yes	No	Yes
		Mechema Chemical (Shang Yu) Co., Ltd.	b.	224,348	US$1,800 thousand (equivalent to NT$58,365 thousand)	US$1,800 thousand (equivalent to NT$55,269 thousand)	-	-	4.93	336,521	Yes	No	Yes

Note 1: The items are numbered as follows:

a. Issuer is numbered as “0”.
b. Investee companies are numbered from “1”.

Note 2: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

a. The Company in relation to business.
b. The Company which holds, directly or indirectly, over 50% of the voting shares.

Note 3: The aggregate amount of endorsements/guarantees provided by the Company shall not exceed 30% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 4: The maximum amount of financing provided to an individual shall not exceed 20% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 5: According to the Company’s guidance of financing provided to others, the amount financing limit is based on the net value of the most recent financial statements reviewed or audited by the CPA. The information on the limit of endorsements/guarantees announced by the Company in December 2023 were $223,598 thousand and $335,397 thousand, respectively, which were different from the amounts listed above, the reason is that the financial statements of the Company for the year ended December 31, 2023 have not been audited by CPA at the announcement moment, thus the Company announced the information based on the financial statement for the nine months ended September 30, 2023.

TABLE 3

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Mutual funds							
	Powerfund - Class A	-	FVTPL - current	350,333	$ -	-	$ -	

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Mechema Toda Corporation	Affiliates using the equity method	Sale	$ (695,099)	(38)	90 days	$ -	90 days	$ 67,818	37	
	Mechema Chemicals (Thailand) Co., Ltd.	Subsidiary	Sale	(248,455)	(14)	240 days	-	240 days	10,222	6	
Mechema Chemicals (Thailand) Co., Ltd.	The Company	Parent	Purchase	248,455	95	240 days	-	240 days	(10,222)	(80)	
The Company	Mechema Korea Co., Ltd.	Subsidiary	Sale	(231,578)	(13)	240 days	-	240 days	8,184	4	
Mechema Korea Co., Ltd.	The Company	Parent	Purchase	231,578	96	240 days	-	240 days	(8,184)	(97)	
Mechema Chemicals (Thailand) Co., Ltd.	Mechema Chemical (Shang Yu) Co., Ltd.	Fellow subsidiary	Sale	(111,235)	(35)	240 days	-	240 days	-	-	
Mechema Chemical (Shang Yu) Co., Ltd.	Mechema Chemicals (Thailand) Co., Ltd.	Fellow subsidiary	Purchase	111,235	27	240 days	-	240 days	-	-	

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
The Company	Mechema Chemicals (Thailand) Co., Ltd.	Thailand	Manufacturing of oxidation catalysts	$ 64,675	$ 64,675	310,000	100.00	$ 118,970	$ 1,396	$ 1,396	
	PT Mechema Indonesia	Indonesia	Manufacturing of oxidation catalysts	121,870	121,870	4,000	100.00	99,579	(32,678)	(32,678)	
	Mechema Korea Co., Ltd.	South Korea	Manufacturing of oxidation catalysts	125,529	125,529	876,404	100.00	130,550	(11,057)	(11,057)	
	Mechema Chemical (Malaysia) Co., Ltd.	Malaysia	Manufacturing of oxidation catalysts	49,042	49,042	5,000,000	100.00	(2,642)	(1,679)	(1,422)	
	Mechema Toda Corporation	Taiwan	Manufacturing of battery cathode materials	150,100	150,100	15,010,000	50.00	14,228	(203,412)	(101,706)	
	Catalyst Development Co., Ltd.	British Virgin Islands	Investment holding	270,419	270,419	8,100,000	100.00	469,911	987	987	

Note: Refer to Table 6 for the information on investments in mainland China.

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

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

1. Information of investee company, main business and products, paid-in capital, method of investment, remittance of funds, net income of the investee, % of ownership, carrying amount of investments and repatriation of investment income:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Current Net Income	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Note)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Mechema Chemical (Xiamen) Co., Ltd.	Real estate business	$ 113,751	Investee Companies in mainland China through a third party	US$2,100 thousand (equivalent to NT$72,847 thousand)	$ -	$ -	US$2,100 thousand (equivalent to NT$72,847 thousand)	$ 6,310	100.00	$ 6,310	$ 64,127	$ -
Mechema Chemical (Shang Yu) Co., Ltd.	Manufacturing of oxidation catalysts	197,572	Investee Companies in mainland China through a third party	US$6,000 thousand (equivalent to NT$197,572 thousand)	-	-	US$6,000 thousand (equivalent to NT$197,572 thousand)	(5,833)	100.00	(5,833)	391,542	-

Note: The amount was calculated based on the audited financial statements.

2. Upper Limit on the amount of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$8,100 thousand (Equivalent to NT$270,419 thousand)	US$8,100 thousand	$673,043 thousand ($1,121,738 thousand × 60%)

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party:

Investee Companies	Relationship	Transaction Type	Amount	Transaction Details			Accounts/Notes Receivable/Payable		Unrealized Gain or Loss
				Price	Payment Terms	Compared with Terms of Third Parties	Balance	%	
Mechema Chemical (Shang Yu) Co., Ltd.	Subsidiary	Sale	$ -	Negotiable	Net of 240 days from the end of the month in which the invoice is issued	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	$ 3,071	1.7	$ -

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Accounts	Amount	Transaction Details	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
0	The Company	Mechema Chemicals (Thailand) Co., Ltd.	1, 2	Net revenue from sale of goods and purchases	$ 248,455	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	11
		Mechema Chemicals (Thailand) Co., Ltd.	1, 2	Receivables from and payables to related parties	10,222	Regular settlement or debit-credit offset	1
		Mechema Korea Co., Ltd.	1, 2	Net revenue from sale of goods and purchases	231,578	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	10
		Mechema Korea Co., Ltd.	1, 2	Purchases and net revenue from sale of goods	74,524	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	3
1	Mechema Chemicals (Thailand) Co., Ltd.	PT Mechema Indonesia	3	Net revenue from sale of goods and purchases	88,144	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	4
		PT Mechema Indonesia	3	Receivables from and payables to related parties	33,515	Regular settlement or debit-credit offset	2
		Mechema Chemical (Shang Yu) Co., Ltd.	3	Net revenue from sale of goods and purchases	111,235	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	5
2	Mechema Chemical (Shang Yu) Co., Ltd.	Mechema Chemical (Xiamen) Co., Ltd.	3	Net revenue from sale of goods and purchases	57,452	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	2
		Mechema Chemical (Xiamen) Co., Ltd.	3	Receivables from and payables to related parties	27,576	Regular settlement or debit-credit offset	2

Note 1: The parent company and its subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries: 1 onward.

(Continued)

Note 2: Nature of relationship is indicated as follows:

1. Transactions from the parent company to a subsidiary: 1.
2. Transactions from a subsidiary to the parent company: 2.
3. Transactions between subsidiaries: 3.

Note 3: The percentage calculation is based on the consolidated total gross sales or total assets. For balance sheet items, each item is calculated as a percentage of the period-end balance of the consolidated total assets. For profit or loss items, each item is calculated as a percentage of interim cumulative amounts of the consolidated total gross sales.

(Concluded)

TABLE 8

MECHEMA CHEMICALS INTERNATIONAL CORP. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yen Lungtsai	6,086,725	8.11
JhihYuan Investment Co., Ltd.	4,508,320	6.01

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Appendix 2. Latest Annual Individual Financial Report:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mechema Chemicals International Corp.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's financial statements for the year ended December 31, 2023 are stated as follows:

<u>Recognition of Revenue</u>

The main source of revenue of the Company comes from the sales of battery cathode material. Most of the sales were highly concentrated on major customers, which accounted for 38% of total sales revenue. Therefore, the management may be under pressure to meet the profit target. Since there is a significant risk, we considered the recognition of sales revenue as key audit matter.

The main audit procedures performed by the accountant for the above matters are as follows:

1. We assessed the validity of clients' orders from their clients.

2. We tested the design and the operating effectiveness of internal control processes of sales revenue. We reviewed clients' orders, which were authorized by appropriate supervisors, and we checked the shipping documents signed by clients and confirmed that the sales actually occurred.

3. Perform the confirmation letter procedure to confirm the occurrence of sales.

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

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

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

Those charged with governance, including the members of the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yung-Ming Chiu and Chin-Chuan Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 29,747	2	$ 101,801	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	43,068	2
Notes and trade receivables (Notes 4, 8 and 17)	94,358	6	174,805	7
Trade receivables from related parties (Notes 4, 17 and 22)	89,294	5	490,834	20
Other receivables (Note 4)	14,008	1	46,650	2
Other receivables from related parties (Notes 4 and 22)	14,021	1	12,820	1
Inventories (Notes 4 and 9)	182,446	11	300,657	12
Prepayments (Note 13)	25,640	2	10,110	-
Other current assets	19,307	1	19,053	1
Total current assets	468,821	29	1,199,798	49
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	830,596	52	981,523	40
Property, plant and equipment (Notes 4 and 11)	269,694	17	253,191	10
Right-of-use assets (Notes 4 and 12)	141	-	657	-
Deferred tax assets (Notes 4 and 18)	12,054	1	12,476	1
Prepaid equipment	19,170	1	9,844	-
Refundable deposits (Note 4)	2,918	-	3,203	-
Net defined benefit assets - non-current (Notes 4 and 15)	2,013	-	1,741	-
Other non-current assets	6,260	-	7,294	-
Total non-current assets	1,142,846	71	1,269,929	51
TOTAL	$ 1,611,667	100	$ 2,469,727	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 329,701	21	$ 789,473	32
Notes and trade payables	30,925	2	32,496	1
Other payables (Note 22)	20,889	1	33,045	2
Current tax liabilities (Notes 4 and 18)	30,508	2	102,119	4
Lease liabilities - current (Notes 4 and 12)	145	-	695	-
Current portion of long-term borrowings (Note 14)	70,000	4	-	-
Other current liabilities	2,444	-	5,268	-
Total current liabilities	484,612	30	963,096	39
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	5,317	-	5,421	-
Total liabilities	489,929	30	968,517	39
EQUITY				
Ordinary shares (Note 16)	749,863	47	749,863	30
Capital surplus (Note 16)	24,825	2	24,825	1
Retained earnings (Note 16)				
Legal reserve	359,278	22	321,008	13
Special reserve	98,508	6	120,578	5
(Accumulated deficit) unappropriated earnings	(2,135)	-	383,444	16
Total retained earnings	455,651	28	825,030	34
Other equity (Notes 4 and 16)				
Exchange differences on translating foreign operations	(108,601)	(7)	(98,508)	(4)
Total equity	1,121,738	70	1,501,210	61
TOTAL	$ 1,611,667	100	$ 2,469,727	100

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

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
SALES (Notes 4, 17 and 22)	$ 1,833,738	100	$ 5,110,732	100
COST OF GOODS SOLD (Notes 9, 17 and 22)	1,611,554	88	4,691,229	91
GROSS PROFIT	222,184	12	419,503	9
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	3,646	-	7,185	-
REALIZED GROSS PROFIT	225,830	12	426,688	9
OPERATING EXPENSES (Notes 17 and 22)				
Selling and marketing expenses	22,132	1	36,688	1
General and administrative expenses	32,490	2	40,277	1
Research and development expenses	15,300	1	14,450	-
Total operating expenses	69,922	4	91,415	2
PROFIT FROM OPERATIONS	155,908	8	335,273	7
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates and joint ventures (Notes 4 and 10)	(144,480)	(8)	(3,375)	-
Interest income (Note 22)	1,194	-	2,895	-
Rental income (Note 22)	10,806	1	10,806	-
Other income (Note 22)	32,957	2	27,994	1
Net foreign exchange gain (Notes 4 and 25)	5,063	-	110,185	2
Net (loss) gain on valuation of financial assets at FVTPL (Notes 4 and 7)	(43,068)	(2)	7,683	-
Finance costs	(12,684)	(1)	(13,400)	-
Total non-operating income and expenses	(150,212)	(8)	142,788	3
PROFIT BEFORE INCOME TAX	5,696	-	478,061	10
INCOME TAX EXPENSE (Notes 4 and 18)	(30,239)	(1)	(96,736)	(2)
NET (LOSS) PROFIT FOR THE YEAR	(24,543)	(1)	381,325	8
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
Remeasurement of defined benefit plans (Note 4)	101	-	1,377	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 4)	(10,093)	(1)	22,070	-
Other comprehensive (loss) income for the year, net of income tax	(9,992)	(1)	23,447	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (34,535)	(2)	$ 404,772	8
(LOSS) EARNINGS PER SHARE (Note 19)				
Basic	$ (0.33)		$ 5.09	
Diluted	$ (0.33)		$ 5.08	

The accompanying notes are an integral part of the financial statements. (Concluded)

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

			Retained Earnings			Others	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated deficits)	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2022	$ 749,863	$ 24,825	$ 284,987	$ 81,462	$ 360,827	$ (120,578)	$ 1,381,386
Appropriation of 2021 earnings							
Legal reserve	-	-	36,021	-	(36,021)	-	-
Special reserve	-	-	-	39,116	(39,116)	-	-
Cash dividends distributed by the Company	-	-	-	-	(284,948)	-	(284,948)
Net profit for the year ended December 31, 2022	-	-	-	-	381,325	-	381,325
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,377	22,070	23,447
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	382,702	22,070	404,772
BALANCE AT DECEMBER 31, 2022	749,863	24,825	321,008	120,578	383,444	(98,508)	1,501,210
Appropriation of 2022 earnings							
Legal reserve	-	-	38,270	-	(38,270)	-	-
Special reserve	-	-	-	(22,070)	22,070	-	-
Cash dividends distributed by the Company	-	-	-	-	(344,937)	-	(344,937)
Net loss for the year ended December 31, 2023	-	-	-	-	(24,543)	-	(24,543)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	101	(10,093)	(9,992)
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(24,442)	(10,093)	(34,535)
BALANCE AT DECEMBER 31, 2023	$ 749,863	$ 24,825	$ 359,278	$ 98,508	$ (2,135)	$ (108,601)	$ 1,121,738

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

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 5,696	$ 478,061
Adjustments for:		
Depreciation expense	15,386	13,405
Amortization expense	4,099	2,786
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	43,068	(7,683)
Finance costs	12,684	13,400
Interest income	(1,194)	(2,895)
Share of profit or loss of associates and joint ventures	144,480	3,375
Realized gain on transactions with associates and joint ventures	(3,646)	(7,185)
Gain on termination of leases	(1)	-
Changes in operating assets and liabilities:		
Notes and trade receivables	80,447	(66,998)
Trade receivables from related parties	401,540	(72,892)
Other receivables	32,642	(41,442)
Other receivables from related parties	3,500	(292)
Inventories	118,211	1,642
Prepayments	(15,530)	172,008
Other current assets	(254)	(4,570)
Defined benefit assets	(171)	(147)
Notes and trade payables	(1,571)	(17,970)
Other payables	(12,156)	8,103
Other current liabilities	(499)	1,043
Cash generated from operations	826,731	471,749
Interest received	1,097	2,892
Interest paid	(13,214)	(12,911)
Income taxes paid	(101,532)	(53,247)
Net cash generated from operating activities	713,082	408,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(8,027)	(8,254)
Decrease in refundable deposits	285	-
Increase in other receivables from related parties	(4,604)	(909)
Increase in long-term prepaid expenses	(3,065)	(3,928)
Increase in prepaid equipment	(34,284)	(12,758)
Net cash used in investing activities	(49,695)	(25,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(459,772)	162,473
Repayments of short-term bills payable	-	(250,000)
Proceeds from long-term borrowings	70,000	-
Repayment of the principal portion of lease liabilities	(732)	(878)

(Continued)

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	2023	2022
Dividends paid to owners of the Company	(344,937)	(284,948)
Net cash used in financing activities	(735,441)	(373,353)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(72,054)	9,281
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	101,801	92,520
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 29,747	$ 101,801

The accompanying notes are an integral part of the financial statements. (Concluded)

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

1. GENERAL INFORMATION

Mechema Chemicals International Corp. (the "Company") was incorporated in the Republic of China (ROC) on June 30, 1992. The Company is mainly engaged in the following activities:

a. Manufacturing, sales, import and export of cobalt and its compounds and manganese and its compounds;

b. Sales, import and export of cobalt and manganese.

Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2023 is NT$749,863 thousand.

The Company's shares have been listed on the Taipei Exchange (TPEx) since March 9, 2001.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on March 13, 2024.

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

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

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

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

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards 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 by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in these financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between this parent-company-only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Foreign Currencies

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

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

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

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

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies that are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

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

Investments in Subsidiaries

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

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

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

Investments in Joint Ventures

A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company uses the equity method to account for its investments in joint ventures. Under the equity method, investments in a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture. The Company also recognizes the changes in the Company's share of the equity of equity of joint ventures.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognized in the Company's financial statements only to the extent of interests in the joint venture that are not related to the Company.

Property, Plant and Equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

Impairment of Property, Plant and Equipment and Right-of-use Asset

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 21.

b) Financial assets at amortized cost

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

i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade and notes receivables at amortized cost, other receivables and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

b. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

Revenue Recognition

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

Sale of goods

Revenue from the sale of goods comes from sales of electronic components and various chemical catalysts. Electronic components and various chemical catalysts are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and has the primary responsibility for sales to future customers and bear the risks of obsolescence. Trade receivable is recognized concurrently.

Leasing

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

a. The Company as lessor

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

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

b. The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Taxation

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

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 168	$ 169
Checking accounts and demand deposits	29,579	101,632
	$ 29,747	$ 101,801

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ -	$ 43,068

The Company have successively received the notification from the fund invested by it, Spectra SPC Powerfund (Powerfund Fund) in March and April 2023. The fund will suspend the calculation of net asset value and defer fund redemptions starting from March 1, 2023, and will announce on April 21, 2023, that the fund will undergo formal voluntary liquidation procedures. The impact of the above event has caused the significant uncertainty in the market quotations and responsiveness of transactions in the market of the financial assets at fair value through profit or loss in the Company's investment accounts. Upon re-evaluation on the reliability of the information about the funds, restrictive conditions, responsiveness in the current market and significant uncertain in the transactions, the Company included the effect into the evaluation on the fair value of financial assets at fair value through profit or loss and fully recognized the valuation loss on financial assets at fair value through profit or loss of $43,068 thousand, stated as loss on valuation of financial assets at FVTPL in 2023.

8. NOTES AND TRADE RECEIVABLES

	December 31 2023	December 31 2022
Notes receivable	$ 4	$ -
Trade receivables	95,375	176,749
	95,379	176,749
Less: Allowance for impairment loss	(1,021)	(1,944)
	$ 94,358	$ 174,805

Notes and Trade Receivables at Amortized Cost

The average credit period for sales of goods is 30 to 90 days. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company measures the loss allowance for notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on notes and accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position and adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off the notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the notes and accounts receivable are over 180 days past due, whichever occurs earlier.

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

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 68,616	$ 26,763	$ -	$ -	$ -	$ 95,379
Loss allowance (Lifetime ECL)	(1,021)	-	-	-	-	(1,021)
Amortized cost	$ 67,595	$ 26,763	$ -	$ -	$ -	$ 94,358

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days	Total
Gross carrying amount	$141,246	$ 22,460	$ 1,989	$ 11,054	$ -	$176,749
Loss allowance (Lifetime ECL)	(1,944)	-	-	-	-	(1,944)

Amortized cost	$139,302	$ 22,460	$ 1,989	$ 11,054	$ -	$174,805

The movements of the loss allowance of notes and trade receivables were as follows:

	For the Year Ended December 31	
	2023	**2022**
Balance at the beginning of the period	$ 1,944	$ 1,233
Add: Impairment losses recognized	-	711
Less: Impairment losses reversed	(923)	-
Balance at the end of the period	$ 1,021	$ 1,944

9. INVENTORIES

	December 31	
	2023	**2022**
Finished goods	$ 89,505	$ 37,320
Work in process	54,214	73,276
Raw materials	38,727	190,061
	$ 182,446	$ 300,657

The cost of inventories recognized as the cost of goods sold for the years ended December 31, 2023 and 2022 included $1,611,554 thousand and $4,691,229 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included reversals of inventory write-downs of $39,208 thousand and inventory write-downs of $45,699 thousand, respectively. The reversal of inventory write-downs was due to increased selling prices in certain markets.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	**2022**
Investments in subsidiaries	$ 816,368	$ 869,449
Investments in joint ventures	14,228	112,074
	$ 830,596	$ 981,523

Investments in Subsidiaries

	December 31, 2023		December 31, 2022	
	Original Cost	**Carrying Amount**	**Original Cost**	**Carrying Amount**
Mechema Chemicals (Thailand) Co., Ltd.	$ 64,675	$ 118,970	$ 64,675	$ 117,769
PT Mechema Indonesia	121,870	99,579	121,870	130,621
Mechema Korea Co., Ltd.	125,529	130,550	125,529	144,869
Mechema Chemical (Malaysia) Co., Ltd.	49,042	(2,642)	49,042	(1,295)
Catalyst Development Co., Ltd.	270,419	469,911	270,419	477,485

	$ 631,535	$ 816,368	$ 631,535	$ 869,449

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have been audited.

The proportion of the Company's ownership was as follows:

	December 31	
	2023	2022
Mechema Chemicals (Thailand) Co., Ltd.	100%	100%
PT Mechema Indonesia	100%	100%
Mechema Korea Co., Ltd.	100%	100%
Mechema Chemical (Malaysia) Co., Ltd.	100%	100%
Catalyst Development Co., Ltd.	100%	100%

For details on subsidiaries indirectly owned by the Company, refer to Table 5 of Note 26.

Investments in Joint Ventures

	December 31, 2023		December 31, 2022	
Unlisted Companies	**Original Cost**	**Carrying Amount**	**Original Cost**	**Carrying Amount**
Mechema Toda Corporation	$ 150,100	$ 14,228	$ 150,100	$ 112,074

The proportion of the Company's ownership was as follows:

	December 31	
	2023	2022
Mechema Toda Corporation	50%	50%

In addition, the Company also hold preferred shares do not assign voting rights to their holders, thus shall receive preference share dividends, which were based on sales quantity.

Refer to Table 5 of Note 26 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the joint ventures.

Summarized financial information in respect of each of the Company's material joint ventures is set out below.

	December 31	
	2023	2022
Cash and cash equivalents	$ 7,141	$ 7,729
Current financial liabilities (exclude trade payables, other payables and provisions)	$ 201,620	$ 256,635
Current assets	$ 255,755	$ 686,383
Non-current assets	$ 75,935	$ 81,715
Current liabilities	$ 276,673	$ 529,670
Non-current liabilities	$ 20,000	$ -

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 881,527	$ 2,574,615
Depreciation expenses and amortization expenses	$ 24,997	$ 37,411
Net exchange gain	$ 1,601	$ 18,778
Income tax expenses/(benefits)	$ 423	$ (1,185)
Net loss for the year	$ (203,412)	$ (17,344)
Dividends received	$ -	$ -
Net loss attributable to preferred stock	$ -	$ -
Net loss attributable to common stock	(203,412)	(17,344)
	$ (203,412)	$ (17,344)

For the years ended December 31, 2023 and 2022, the detail of share of profit or loss of joint ventures were as follows:

	For the Year Ended December 31	
	2023	2022
Attributable to preferred stock	$ -	$ -
Attributable to common stock	(101,706)	(8,672)
	$(101,706)	$ (8,672)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2023	$ 145,280	$ 131,348	$ 46,016	$ 6,029	$ 3,526	$ 6,790	$ 338,989
Additions	-	388	2,636	260	1,409	1,539	6,232
Transfer from prepayments for equipment	-	267	18,989	-	445	5,257	24,958
Balance at December 31, 2023	$ 145,280	$ 132,003	$ 67,641	$ 6,289	$ 5,380	$ 13,586	$ 370,179
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 61,143	$ 16,187	$ 4,901	$ 561	$ 3,006	$ 85,798
Depreciation	-	4,735	7,253	451	940	1,308	14,687
Balance at December 31, 2023	$ -	$ 65,878	$ 23,440	$ 5,352	$ 1,501	$ 4,314	$ 100,485
Carrying amount at December 31, 2023	$ 145,280	$ 66,125	$ 44,201	$ 937	$ 3,879	$ 9,272	$ 269,694
Cost							
Balance at January 1, 2022	$ 145,280	$ 128,014	$ 34,161	$ 5,483	$ 618	$ 5,932	$ 319,488
Additions	-	981	4,449	394	1,737	858	8,419
Transfer from prepayments for equipment	-	2,353	7,406	152	1,171	-	11,082
Balance at December 31, 2022	$ 145,280	$ 131,348	$ 46,016	$ 6,029	$ 3,526	$ 6,790	$ 338,989
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 56,168	$ 10,731	$ 4,171	$ 98	$ 2,128	$ 73,296
Depreciation	-	4,975	5,456	730	463	878	12,502
Balance at December 31, 2022	$ -	$ 61,143	$ 16,187	$ 4,901	$ 561	$ 3,006	$ 85,798
Carrying amount at December 31, 2022	$ 145,280	$ 70,205	$ 29,829	$ 1,128	$ 2,965	$ 3,784	$ 253,191

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

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

Buildings	
Main buildings	36-56 years
Fire protection engineering	3-8 years
Hydropower engineering	6-10 years
Steel structure engineering	11-16 years
Other buildings	2-16 years
Equipment	3-14 years
Transportation equipment	3-6 years
Office equipment	3-10 years
Other equipment	3-11 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Transportation equipment	$ 141	$ 657

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 340	$ 351
Depreciation charge for right-of-use assets		
Transportation equipment	$ 699	$ 903

The Company terminated the lease of partial transportation equipment in advance in 2023. The above right-of-use assets were deducted by $157 thousand and recognized gain on termination of leases of $1 thousand.

Other than the above event, additions and depreciation expense recognized, there were no significant subleases or impairments of the Company’s right-of-use assets in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 145	$ 695

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	**2022**
Transportation equipment	1.6%-1.7%	1%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Total cash outflow for leases	$ 781	$ 1,000

13. PREPAYMENTS

Prepayments are the prepayment to the vendors of inventory.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Line of credit borrowings	$ 329,701	$ 789,473

The above amounts represented revolving facility (for operating capital demand) of bank loan. The range of weighted average effective interest rates on bank loans was 1.65%-6.51% and 1.40%-5.67% per annum at December 31, 2023 and 2022.

b. Long-term borrowings

	December 31	
	2023	2022
Bank loans	$ 70,000	$ -
Less: Current portion	(70,000)	-
Long-term borrowings	$ -	$ -

For the year ended December 31, 2023, the Company obtained a newly appropriated bank loan of $70,000 thousand, with an interest rate of 0.5% above the 2-year floating rate for post office savings, which is repayable in 5 years. However, the loan is classified as a current portion of long-term loan because the Company expects to repay the loan within 1 year. According to the loan agreement, the bank loan was guaranteed by the Taiwan SMEG at 80%, with a grace period of 2 years and a 1 year interest rate waiver of 1.595%, after which the principal was to be repaid in equal monthly installments.

c. The above items of borrowings of the Company have been jointly guaranteed by chairman of the board of the Company.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
Numbers of shares authorized (in thousands)	86,000	86,000
Shares authorized	$ 860,000	$ 860,000
Number of shares issued and fully paid (in thousands)	74,986	74,986
Shares issued	$ 749,863	$ 749,863

Ordinary shares are issued with a nominal amount of NT$10 per share. All of the shares were ordinary shares, each carrying the right to vote and receive dividends.

b. Capital surplus

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 17(d).

If the dividends referred to in the preceding paragraph are distributed in cash, the board of directors shall be authorized with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report the matter to the shareholders' meeting.

In accordance with Article 241 of the Company Act, the Company shall distribute all or part of the legal reserve and capital surplus in new shares or cash in proportion to the shareholders' original shares, and shall authorize the board of directors to resolve the matter with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report the matter to the shareholders' meeting.

In addition to referring general distribution level of dividends, the Company's dividend policy is based on the consideration of the future capital needs and long-term financial planning. Shareholders' dividends and bonuses shall be appropriated for an amount more than 50% of the distributable earnings in the current year; also, the distribution of dividends shall include at least 10% in cash and 90% in stock. The type of distribution may change according to circumstances of profitability and capital, and may be adjusted during the annual shareholders' meeting.

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

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 27, 2023 and June 22, 2022, respectively, and were as follows:

	Appropriation of Earnings	
	2022	**2021**
Legal reserve	$ 38,270	$ 36,021
Special reserve	$ (22,070)	$ 39,116
Cash dividends	$ 344,937	$ 284,948
Cash dividends per share (NT$)	$ 4.60	$ 3.80

The statements of deficit compensation for 2023, which was proposed by the Company's board of directors on March 13, 2024, was as follows:

	2023
Legal reserve used to offset accumulated deficits	$ 2,135

In addition, the Company's Board of Directors proposed a cash distribution of $82,485 thousand from legal reserve on March 13, 2024.

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 20, 2024.

d. Special reserve

On the first-time adoption of IFRS Accounting Standards, the Company appropriated for special reserve, the amounts that were the same as the cumulative translation differences transferred to retain earnings, which were $29,383 thousand.

Additional special reserves should be appropriated for the amount equal to the difference between net debit balance reserves. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

As of December 31, 2022 and 2021, exchange differences on translating foreign operations were negative and are less than and greater than the amount on account, respectively. In response to the aforementioned regulations, the Company recognized special reserves of $22,070 thousand and $39,116 thousand, respectively, which were made in the appropriations of earnings for 2022 and 2021.

e. Other equity

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. When all or a part of the foreign operations are disposed of, exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

17. NET PROFIT

a. Net revenue

	For the Year Ended December 31	
	2023	**2022**
Revenue from contracts with customers		
Revenue from sale of goods	$ 1,833,738	$ 5,110,732

1) Contract information

Revenue from the sale of goods

The Company sells battery cathode materials and oxidation catalysts, which are manufactured by clients' orders and recognizes revenue at which time the goods are delivered to the customer's specific location. The Company does not provide any after-sales services, such as warranty, right to return, etc. The quotation of products is based on the current market price of the raw materials and the expected profit. The term of sales of products is fixed price, not volatile. Since payment terms granted to customers are usually less than 240 days, there is no significant financing component from contracts with customers.

2) Contact balances

	December 31	
	2023	**2022**
Notes and trades receivable, net (Note 8)	$ 94,358	$ 174,805
Trades receivable from related parties (Note 22)	$ 89,294	$ 490,834

3) Disaggregation of revenue from customer contracts

2023

	Battery Material Department	Oxidation Catalyst	Total
Sale of goods	$ 695,099	$ 1,138,639	$ 1,833,738

2022

	Battery Material Department	Oxidation Catalyst	Total
Sale of goods	$ 2,488,963	$ 2,621,769	$ 5,110,732

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 14,687	$ 12,502
Right-of-use assets	699	903
Long-term prepaid expenses	4,099	2,786
	$ 19,485	$ 16,191
An analysis of deprecation by function		
Operating costs	$ 11,833	$ 9,881
Operating expenses	3,553	3,524
	$ 15,386	$ 13,405
An analysis of amortization by function		
Operating costs	$ 3,194	$ 2,371
Operating expenses	905	415
	$ 4,099	$ 2,786

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits		
Salaries and wages	$ 44,744	$ 61,622
Insurance premiums for employee	4,709	4,363
	49,453	65,985
Post-employment benefits (Note 15)		
Defined contribution plans	1,977	1,730
Defined benefit plans	(25)	-
	1,952	1,730
Other employee benefits	2,553	4,165
Total employee benefits expense	$ 53,958	$ 71,880
An analysis of employee benefits expense by function		
Operating costs	$ 22,342	$ 28,145
Operating expenses	31,616	43,735
	$ 53,958	$ 71,880

d. Compensation of employees and remuneration of directors

The Company distributed employees' compensation and directors' remuneration at the rates of not less than 1% and not higher than 5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors on March 13, 2024 and March 22, 2023, respectively, were as follows:

	2023		2022	
	Employees' Compensation in Cash	**Remuneration of Directors in Cash**	**Employees' Compensation in Cash**	**Remuneration of Directors in Cash**
Amounts approved in the board of directors' meeting	$ 1,250	$ 365	$ 5,896	$ 2,200
Amounts recognized in the annual financial statements	$ 1,250	$ 365	$ 5,896	$ 2,000

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

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

18. INCOME TAX

a. Income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current period	$ 29,453	$ 102,364
Income tax on unappropriated earnings	1,078	6
Adjustments for prior year	(610)	(283)
	29,921	102,087
Deferred tax		
In respect of the current period	318	(5,351)
Income tax expense recognized in profit or loss	$ 30,239	$ 96,736

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

	For the Year Ended December 31	
	2023	**2022**
Profit before tax	$ 5,696	$ 478,061
Income tax expense at the statutory rate (20%)	$ 1,139	$ 95,612
Nondeductible expenses and tax-exempt income in determining taxable income	20,076	2,460
Unrecognized deductible temporary differences	8,556	(1,059)
Income tax on unappropriated earnings	1,078	6
Adjustment for prior year's tax	(610)	(283)

Income tax expense recognized in profit or loss	$ 30,239	$ 96,736

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 30,508	$ 102,119

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Depreciation expense	$ 349	$ (335)	$ 14
Unrealized gross profit	2,451	(729)	1,722
Impairment losses on financial instruments	-	8,474	8,474
Allowance for written down inventories	9,472	(7,841)	1,631
Unrealized gain	204	9	213
	$ 12,476	$ (422)	$ 12,054
Deferred tax liabilities			
Temporary differences			
Financial assets at FVTPL	$ 5,216	$ (139)	$ 5,077
Defined benefit obligations	205	35	240
	$ 5,421	$ (104)	$ 5,317

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Depreciation expense	$ 836	$ (487)	$ 349
Unrealized gross profit	3,888	(1,437)	2,451
Allowance for written down inventories	332	9,140	9,472
Unrealized gain	504	(300)	204
	$ 5,560	$ 6,916	$ 12,476

Deferred tax liabilities

Temporary differences			
Financial assets at FVTPL	$ 3,680	$ 1,536	$ 5,216
Defined benefit obligations	176	29	205
	$ 3,856	$ 1,565	$ 5,421

d. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $268,430 thousand and $311,205 thousand, respectively.

e. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

19. (LOSSES) EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic (loss) earnings per share	$ (0.33)	$ 5.09
Diluted (loss) earnings per share	$ (0.33)	$ 5.08

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

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net (loss) profit used to calculate basic (loss) earnings per share	$ (24,543)	$ 381,325
Net (loss) profit used to calculate diluted (loss) earnings per share	$ (24,543)	$ 381,325

The weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of shares of common stock used to calculate basic (loss) earnings per share	74,986	74,986
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	66
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	74,986	75,052

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Due to the deficits in 2023, the employee share option are anti-dilutive and excluded from the computation of diluted loss per share.

20. CAPITAL MANAGEMENT

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

The Company regularly reviews to the appropriate categories of capital structure. The Company managers determine a reasonable proportion of the Company's capital structure based on the cost of capital and the risks associated with the various types of capital. The Company is not subject to any externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial instruments not measured at fair value (Cash and cash equivalents, financial assets at amortized cost, notes and trades receivable, trades receivable from related parties, other receivables, other receivables from related parties and refundable deposits) and financial liabilities (short-term borrowings, notes and trade payables, other payables and current portion of long-term borrowings) recognized in the financial statements approximate their fair values.

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

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ -	$ -	$ -	$ -

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 43,068	$ -	$ -	$ 43,068

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 43,068
Financial assets at amortized cost (Note 1)	244,346	830,113
Financial liabilities		

Financial liabilities measured at amortized cost (Note 2)	451,515	855,014

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables (included related parties), other receivables (included related parties) and guarantee deposits.

Note 2: The balance includes financial liabilities at amortized cost, which comprise bank borrowings, notes and trade payables and other payables and current portion of long-term borrowings.

d. Financial risk management objectives and policies

Based on the internal report containing analysis of the exposure of and the amount involved in risks by financial units, the Company monitors and manages financial risks relating to the enterprise as a whole, the domestic and international financial market and the operations of the Company. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial units of the Company constantly report to the management. Management will then monitor the risks and execute policies according to its duties and responsibilities so as to mitigate exposure.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company has foreign currency-denominated transactions that are exposed to the risk caused by the fluctuation of exchange rates in the market. To monitor the risk, the responsible team of the Company reviews constantly the portion of assets and liabilities that are exposed to the risk and makes the appropriate adjustments so as to control any risk arising from the fluctuation of exchange rates.

Since the principal currency of the Company is the US dollar, thus the Company is exposed to the risk of exchange rate fluctuation. Fortunately, the risk is mitigated as the majority of receivables and payables and bank borrowings are denominated in US dollars.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 25.

<u>Sensitivity analysis</u>

The Company is mainly exposed to the U.S. dollar ("USD").

The following table details the Company's sensitivity to a 10% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. A 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and it adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 10% against the relevant currency. For a 10% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss*	$ (3,357)	$ 1,420

* This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Company is subject to interest rate risk arising from bank deposits and borrowings bearing floating interest rates. The current policy of the Company is to maintain borrowings bearing a floating interest rate so as to mitigate risk arising from interest rate fluctuation. There is no financial instrument held for hedging purposes. Management of the Company reviews interest rate risk periodically and will implement measures when necessary to address significant interest rate risk for proper monitoring considering any change in market interest rate.

Sensitivity analysis

The following sensitivity analysis is prepared based on the exposure to the interest rate of the non-derivative instruments at the end of the reporting period.

A 0.5% increase or decrease has been used by the Company as a reasonable estimation of interest rate fluctuation when reporting to the management. With other variations remaining unchanged, without taking into account capitalization of interests, if the interest rate increased by 0.5%, the profit and loss of the Company for the years ended 2023 and 2022 would have been decreased by $1,851 thousand and $3,439 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. In order to minimize credit risk, the management of the Company has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts.

The Company transacted with a large number of customers who are mainly internationally renowned brands of chemical business and are not connected. Credit assessments on the financial status of the clients have been conducted. Therefore, it is expected that the credit risk from accounts receivables is minimal.

The maximum exposure of the Company to credit risk is the net amount of carrying amount less the amount required to be offset and impairment loss required to be recognized under relevant rules (i.e., carrying amount of financial assets), without taking into account any security and other credit enhancement.

3) Liquidity risk

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

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

a) Liquidity and interest rate risk table

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2023

	Weighted Average Effective Interest Rate (%)	**Less Than 1 Year**	**1 Year to 5 Years**	**Total**
Non-interest bearing liabilities				
Notes payable and trade payables		$ 30,925	$ -	$ 30,925
Other payables		20,889	-	20,889
Lease liabilities		145	-	145

(Continued)

	Weighted Average Effective Interest Rate (%)	**Less Than 1 Year**	**1 Year to 5 Years**	**Total**
Interest bearing liabilities				
Short-term borrowings	2.49	$ 329,701	$ -	$ 329,701
Long-term borrowings	2.095	70,000	-	70,000
		$ 451,660	$ -	$ 451,660

(Concluded)

December 31, 2022

	Weighted Average Effective Interest Rate (%)	**Less Than 1 Year**	**1 Year to 5 Years**	**Total**
Non-interest bearing liabilities				
Notes payable and trade payables	-	$ 32,496	$ -	$ 32,496
Other payables	-	33,045	-	33,045
Lease liabilities	-	695	-	695

Interest bearing liabilities

Short-term borrowings	2.54	789,473	-	789,473
		$ 855,709	$ -	$ 855,709

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities:		
Amount unutilized	$ 2,237,433	$ 1,545,192

22. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Company
Mechema Chemicals (Thailand) Co., Ltd.	Subsidiary
PT Mechema Indonesia	Subsidiary
Mechema Korea Co., Ltd.	Subsidiary
Mechema Chemical (Malaysia) Co., Ltd.	Subsidiary
Mechema Chemical (Xiamen) Co., Ltd.	Subsidiary
Mechema Chemical (Shang Yu) Co., Ltd.	Subsidiary
Mechema Toda Corporation	Joint venture (Please refer to Note 10)

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2023	2022
Sales	Mechema Toda Corporation	$ 695,099	$ 2,488,963
	Mechema Chemicals (Thailand) Co., Ltd.	248,455	579,154
	Mechema Korea Co., Ltd.	231,578	483,803
	Subsidiary	2,136	9,024
		$ 1,177,268	$ 3,560,944

There are no comparable unrelated parties due to payment terms offered to related parties being similar to those offered to third parties.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	2023	2022
Mechema Korea Co., Ltd.	$ 74,524	$ 201,873
Subsidiary	6,064	-

	$ 80,588	$ 201,873

The purchase prices and payment terms offered by related parties were similar with those offered by third parties.

d. Trade receivables from related parties

Related Party Category/Name	December 31 2023	December 31 2022
Mechema Toda Corporation	$ 67,818	$ 258,380
Mechema Chemicals (Thailand) Co., Ltd.	10,222	195,646
Mechema Korea Co., Ltd.	8,184	31,850
Subsidiary	3,070	4,958
	$ 89,294	$ 490,834

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Other transactions with related parties

1) Rental income

Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Mechema Toda Corporation	$ 10,806	$ 10,806

2) Commission income

Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Mechema Toda Corporation	$ 1,699	$ 3,252
Mechema Chemicals (Thailand) Co., Ltd.	10,186	-
	$ 11,885	$ 3,252

3) Other income

Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Mechema Toda Corporation	$ 17,458	$ 22,523

Other income includes income from human resources outsourcing and product inspection.

4) Other receivables from related parties

a) Not classified as loans to related parties

Related Party Name	December 31 2023	December 31 2022

Mechema Toda Corporation	$ 67	$ 3,567

Other receivables from related parties were generated by the collection and payment service, commission income and other income.

b) Loans to related parties

Related Party Name	December 31 2023	2022
Mechema Chemical (Malaysia) Co., Ltd.	$ 13,954	$ 9,253

The unsecured short-term borrowing provided to Mechema Chemical (Malaysia) Co., Ltd. by The Company was $13,817 thousand and $9,213 thousand, respectively. The range of weighted average effective interest rates was 6.5% and 4% per annum on December 31, 2023 and 2022. The interest income was $547 thousand and $288 thousand, respectively. On December 31, 2023 and 2022, interest receivable was $137 thousand and $40 thousand, respectively.

5) Other payables to related parties

Related Party Name	December 31 2023	2022
Mechema Toda Corporation	$ -	$ 45

f. Compensation of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits		
Salaries and wages	$ 14,924	$ 14,882
Post-employment benefits	617	534
	$ 15,541	$ 15,416

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

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

As of December 31, 2023, subsidiaries were guaranteed by the Company, which were $122,821 thousand. Please refer to Table 2 of Note 26.

24. CASH FLOW INFORMATION

Investing and financing activities that affect both cash and non-cash items:

	For the Year Ended December 31 2023	2022

Increase in property, plant and equipment	$ 6,232	$ 8,419
Decrease (Increase) in payables for purchased equipment	1,795	(165)
Payment in cash for the acquisition of property, plant and equipment	$ 8,027	$ 8,254

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate (Note)	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,241	30.71	$ 38,103
Financial liabilities			
Monetary items			
USD	2,334	30.71	$ 71,669

December 31, 2022

	Foreign Currency	Exchange Rate (Note)	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,537	30.71	$ 231,468
Financial liabilities			
Monetary items			
USD	7,075	30.71	$ 217,267

Note: Exchange rates represent the closing exchange rate of foreign currency into New Taiwan dollars.

Information on foreign exchange gains and losses in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Unrealized foreign exchange (loss) gain	$ (1,061)	$ 1,013
Realized foreign exchange gain	6,124	109,172
Net foreign exchange gain	$ 5,063	$ 110,185

It is impractical to disclose net foreign exchange gain (loss) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

26. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties of at least NT$100 million or 20% of paid-in capital. (None)

9) Trading in derivative instruments (None)

10) Information on investees (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inflow and outflow of capital, percentage of ownership, investment gain or loss, ending balance, the amount received as dividends from the investee and limitation on investee. (Table 6)

2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 6)

a) The purchase amounts and percentage of total purchases and the payables’ balances and percentage of the total payables at the end of the period.

b) The sales amount and percentage of total sales and the receivables’ balances and percentage of the total receivables at the end of the period.

c) The amount of real estate property transactions and the amount of the related gains or losses.

d) The ending balance of negotiable instrument endorsements/guarantees or pledges of collateral and the related purposes.

e) The highest balance during the period, the ending balance, the interest rate range, and total interest for the period in respect of financial funding.

f) Other transactions that have a significant effect on the profit or loss or the financial position, such as the rendering or receipt of services.

c. Major Shareholder Information

Shareholder name, shareholding shares and proportion with share ratio is more than 5% (Table 7)

27. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

MECHEMA CHEMICALS INTERNATIONAL CORP.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	The Company	Mechema Chemical (Malaysia) Co., Ltd.	Other receivables from related parties	Yes	US$1,000 thousand (equivalent to NT$32,425 thousand)	US$thousand 1,000 (equivalent to NT$30,705 thousand)	$ 13,817	6.50%	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 112,174	$ 336,521
		Mechema Chemical (Shang Yu) Co., Ltd.	Other receivables from related parties	Yes	US$1,000 thousand (equivalent to NT$32,425 thousand)	US$thousand 1,000 (equivalent to NT$30,705 thousand)	-	6.50%	The need for short-term financing	-	Operating capital	-	-	-	112,174	336,521
		Mechema Chemical (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	US$1,000 thousand (equivalent to NT$32,425 thousand)	US$thousand 1,000 (equivalent to NT$30,705 thousand)	-	6.50%	The need for short-term financing	-	Operating capital	-	-	-	112,174	336,521

Note 1: The Company's lending limits for individual counterparties shall not exceed 10% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 2: The total financing limit amount for the Company shall not exceed 30% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 3: According to the Company's guidance of financing provided to others, the amount financing limit is based on the net value of the most recent financial statements reviewed or audited by the CPA. The information on the limit of endorsements/guarantees announced by the Company in December 2023 weres $111,799 thousand and $335,397 thousand, respectively, which were different from the amounts listed above, and the reason is that the financial statements of the Company for the year ended December 31, 2022 have not been audited by CPA at the announcement moment; thus, the Company announced the information based on the financial statement for the nine months ended September 30, 2023.

MECHEMA CHEMICALS INTERNATIONAL CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Mechema Chemicals (Thailand) Co., Ltd.	b.	$ 224,348	US$400 thousand (equivalent to NT$12,970 thousand)	US$400 thousand (equivalent to NT$12,282 thousand)	-	-	1.09%	$ 336,521	Yes	No	No
		Mechema Korea Co., Ltd.	b.	224,348	US$900 thousand (equivalent to NT$29,183 thousand)	US$900 thousand (equivalent to NT$27,635 thousand)	-	-	2.46%	336,521	Yes	No	No
		Mechema Chemical (Xiamen) Co., Ltd.	b.	224,348	US$900 thousand (equivalent to NT$29,183 thousand)	US$900 thousand (equivalent to NT$27,635 thousand)	1,817	-	2.46%	336,521	Yes	No	Yes
		Mechema Chemical (Shang Yu) Co., Ltd.	b.	224,348	US$ 1,800 thousand (equivalent to NT$58,365 thousand)	US$ 1,800 thousand (equivalent to NT$55,269 thousand)	-	-	4.93%	336,521	Yes	No	Yes

Note 1: The items are numbered as follows:

a. Issuer is numbered as “0”.
b. Investee companies are numbered from “1”.

Note 2: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

a. The Company in relation to business.
b. The Company which holds, directly or indirectly, over 50% of the voting shares.

Note 3: The aggregate amount of endorsements/guarantees provided by the Company shall not exceed 30% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 4: The maximum amount of financing provided to an individual shall not exceed 20% of the net worth of the net value of the most recent financial statements reviewed or audited by the CPA.

Note 5: According to the Company’s guidance of financing provided to others, the amount financing limit is based on the net value of the most recent financial statements reviewed or audited by the CPA. The information on the limit of endorsements/guarantees announced by the Company in December 2023 were $223,598 thousand and $335,397 thousand, respectively, which were different from the amounts listed above, the reason is that the financial statements of the Company for the year ended December 31, 2022 have not been audited by CPA at the announcement moment, thus the Company announced the information based on the financial statement for the nine months ended September 30, 2023.

MECHEMA CHEMICALS INTERNATIONAL CORP.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Mutual funds							
	Powerfund - Class A	-	FVTPL - current	350,333	$ -	-	$ -	

MECHEMA CHEMICALS INTERNATIONAL CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Mechema Toda Corporation	Affiliates using the equity method	Sale	$ (695,099)	(38%)	90 days	$ -	90 days	$ 67,818	37%	
	Mechema Chemicals (Thailand) Co., Ltd.	Subsidiary	Sale	(248,455)	(14%)	240 days	-	240 days	10,222	6%	
Mechema Chemicals (Thailand) Co., Ltd.	The Company	Parent	Purchase	248,455	95%	240 days	-	240 days	(10,222)	(80%)	
The Company	Mechema Korea Co., Ltd.	Subsidiary	Sale	(231,578)	(13%)	240 days	-	240 days	8,184	4%	
Mechema Korea Co., Ltd.	The Company	Parent	Purchase	231,578	96%	240 days	-	240 days	(8,184)	(97%)	
Mechema Chemicals (Thailand) Co., Ltd.	Mechema Chemical (Shang Yu) Co., Ltd.	Fellow subsidiary	Sale	(111,235)	(35%)	240 days	-	240 days	-	-	
Mechema Chemical (Shang Yu) Co., Ltd.	Mechema Chemicals (Thailand) Co., Ltd.	Fellow subsidiary	Purchase	111,235	27%	240 days	-	240 days	-	-	

TABLE 5

MECHEMA CHEMICALS INTERNATIONAL CORP.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
The Company	Mechema Chemicals (Thailand) Co., Ltd.	Thailand	Manufacturing of oxidation catalysts	$ 64,675	$ 64,675	310,000	100.00	$ 118,970	$ 1,396	$ 1,396	
	PT Mechema Indonesia	Indonesia	Manufacturing of oxidation catalysts	121,870	121,870	4,000	100.00	99,579	(32,678)	(32,678)	
	Mechema Korea Co., Ltd.	South Korea	Manufacturing of oxidation catalysts	125,529	125,529	876,404	100.00	130,550	(11,057)	(11,057)	
	Mechema Chemical (Malaysia) Co., Ltd.	Malaysia	Manufacturing of oxidation catalysts	49,042	49,042	5,000,000	100.00	(2,642)	(1,679)	(1,422)	
	Mechema Toda Corporation	Taiwan	Manufacturing of battery cathode materials	150,100	150,100	15,010,000	50.00	14,228	(203,412)	(101,706)	
	Catalyst Development Co., Ltd.	British Virgin Islands	Investment holding	270,419	270,419	8,100,000	100.00	469,911	987	987	

Note: Refer to Table 6 for the information on investments in mainland China.

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

1. Information of investee company, main business and products, paid-in capital, method of investment, remittance of funds, net income of the investee, % of ownership, carrying amount of investments and repatriation of investment income:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee Company's Current Net Income	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Note)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Mechema Chemical (Xiamen) Co., Ltd.	Real estate business	$ 113,751	Investee Companies in mainland China through a third party	US$2,100 thousand (equivalent to NT$72,847 thousand)	$ -	$ -	US$2,100 thousand (equivalent to NT$72,847 thousand)	$ 6,310	100.00	$ 6,310	$ 64,127	$ -
Mechema Chemical (Shang Yu) Co., Ltd.	Manufacturing of oxidation catalyst	197,572	Investee Companies in mainland China through a third party	US$6,000 thousand (equivalent to NT$197,572 thousand)	-	-	US$6,000 thousand (equivalent to NT$197,572 thousand)	(5,833)	100.00	(5,833)	391,542	-

Note: The amount was calculated based on the audited financial statements.

2. Upper Limit on the amount of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$ 8,100 thousand (Equivalent to NT$270,419 thousand)	US$ 8,100 thousand	$ 673,043 thousand ($ 1,121,738 thousand × 60%)

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party:

Investee Companies	Relationship	Transaction Type	Amount	Transaction Details			Accounts/Notes Receivable/Payable		Unrealized Gain or Loss
				Price	Payment Terms	Compared with Terms of Third Parties	Balance	%	
Mechema Chemical (Shang Yu) Co., Ltd.	Subsidiary	Sale	$ -	Negotiable	Net of 240 days from the end of the month in which the invoice is issued	No comparable unrelated parties due to payment terms offered to related parties were similar to those offered to third parties.	$ 3,071	1.7	$ -

MECHEMA CHEMICALS INTERNATIONAL CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yen Lungtsai	6,086,725	8.11
JhihYuan Investment Co., Ltd.	4,508,320	6.01

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

MECHEMA CHEMICALS INTERNATIONAL CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Explanation	Amount
Note receivable		
Other (Note)		$ 4
Accounts receivable		
Company A		56,137
Company B		10,302
Company C		9,922
Company D		9,404
Other (Note)		9,610
Less: Allowance for doubtful accounts		(1,021)
		$ 94,358

Note: Each of the accounts' amounts was less than 5% of the total account balance.

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF TRADE RECEIVABLES FROM RELATED PARTIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Explanation	Amount
Mechema Toda Corporation	Sales of goods	$ 67,818
Mechema Chemicals (Thailand) Co., Ltd.	Sales of goods	10,222
Mechema Korea Co., Ltd.	Sales of goods	8,184
Mechema Chemical (Shang Yu) Co., Ltd.	Sales of goods	3,070
		$ 89,294

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realized Value (Note)
Finished goods	$ 93,505	$ 89,505
Work in process	56,637	54,214
Raw materials	40,458	38,727
	$ 190,600	$ 182,446

Note: Inventory value has been deducted from the net realizable amount.

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Equity in Investees Gain (Loss)	Adjustments of Deferred Credits	Ending Balance			Basis of the Evaluation	Pledge or Security
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	% of Ownership	Amount		
Mechema Chemicals (Thailand) Co., Ltd. (Note)	310,000	$ 117,769	-	$ 1,038	-	$ -	$ 1,396	$ (1,233)	310,000		$ 118,970	Equity method	None
PT Mechema Indonesia (Note)	4,000	130,621	-	1,116	-	-	(32,678)	520	4,000		99,579	Equity method	None
Mechema Korea Co., Ltd. (Note)	876,404	144,869	-	-	-	(3,784)	(11,057)	522	876,404		130,550	Equity method	None
Mechema Chemical (Malaysia) Co., Ltd. (Note)	5,000,000	(1,295)	-	75	-	-	(1,422)	-	5,000,000		(2,642)	Equity method	None
Catalyst Development Co., Ltd. (Note)	8,100,000	477,485	-	-	-	(8,538)	987	(23)	8,100,000		469,911	Equity method	None
Mechema Toda Corporation (Note)	15,010,000	112,074	-	-	-	-	(101,706)	3,860	15,010,000		14,228	Equity method	None
		$ 981,523		$ 2,229		$ (12,322)	$ (144,480)	$ 3,646			$ 830,596		

Note: The increase/decrease in the current period is the exchange gain (loss) on translation of financial statements of foreign operating institutions.

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Creditors	Explanation	Amount	Contract Period	Interest Rate (%)	Loan Commitments	Collateral
Bank A	Unsecured loans (NTD)	$ 190,000	Repayable in full upon maturity	1.70	NT$300,000 thousand	Jointly guaranteed by chairman of the board of the Company
Bank B	Unsecured loans (NTD)	85,000	Repayable in full upon maturity	1.65	NT$220,000 thousand	Jointly guaranteed by chairman of the board of the Company
Bank C	Unsecured loans (USD)	29,016	Repayable in full upon maturity	6.50-6.51	NT$200,000 thousand	Jointly guaranteed by chairman of the board of the Company
Bank D	Unsecured loans (USD)	25,685	Repayable in full upon maturity	6.45	NT$150,000 thousand	Jointly guaranteed by chairman of the board of the Company
		$ 329,701				

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Creditors	Explanation	Amount	Interest Rate (%)	Loan Commitments	Collateral
Bank E	Long-term borrowings (NTD)	$ 70,000	2.095	$70,000 thousand	Jointly guaranteed by chairman of the board of the Company

Note: The loan is classified as a current portion of long-term loan.

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF NOTES AND TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Explanation	Amount
Company E		$ 7,554
Company F		6,057
Company G		4,369
Company H		1,687
Company I		1,546
Other (Note)		9,712
		$ 30,925

Note: Each of the accounts' amounts was less than 5% of the total account balance.

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Explanation	Amount
Accrued salaries and wages		$ 10,910
Accrued import expense		1,507
Accrued commission		1,848
Accrued others (Note)		6,624
		$ 20,889

Note: Each of the accounts' amounts was less than 5% of the total account balance.

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of sales of goods manufactured by the Company	
Beginning balance of raw materials	$ 214,619
Add: Purchase of raw materials	1,271,628
Less: Ending balance of raw materials	(37,148)
Raw materials sold	(987,684)
Raw materials used in production	461,415
Beginning balance of supplies	5,381
Add: Purchase of supplies	30,780
Less: Ending balance of supplies	(3,310)
Supplies sold	(2,066)
Supplies used in production	30,785
Direct labor	10,128
Manufacturing expenses	48,272
Manufacturing costs	550,600
Add: Beginning balance of work in process	84,819
Add: Purchase of semi-finished goods	30,536
Less: Ending balance of work in process	(56,637)
Work in process sold	(131,657)
Finished goods costs	477,661
Add: Beginning balance of finished goods	43,200
Add: Purchases of finished goods	102,000
Less: Ending balance of finished goods	(93,154)
Less: Others	(359)
Reversals of inventory write-downs	(39,208)
Costs of supplies sold	2,066
Costs of raw materials sold	987,684
Costs of semi-finished goods sold	131,657
Total	1,611,547
Costs of merchandise sold	
Add: Beginning balance of merchandise	529
Add: Purchases of merchandise	943
Add: Others	(1,114)
Less: Ending balance of merchandise	(351)
Total	7
Cost of goods sold	$ 1,611,554

MECHEMA CHEMICALS INTERNATIONAL CORP.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries and wages	$ 4,487	$ 16,063	$ 5,811	$ 26,361
Export expenses	8,095	-	-	8,095
Professional service fees	-	3,844	-	3,844
Depreciation expenses	96	1,931	1,526	3,553
Employees' insurance	507	1,741	632	2,880
Transportation expenses	2,765	153	74	2,992
Entertainment expenses	484	768	64	1,316
Commission expenses	2,115	-	-	2,115
Employee benefits	140	257	140	537
Retirement pension	258	598	311	1,167
Utility bills	263	287	263	813
Tax expenses	231	310	231	772
Travel expenses	318	158	85	561
Others	2,373	6,380	6,163	14,916
	$ 22,132	$ 32,490	$ 15,300	$ 69,922

MECHEMA CHEMICALS INTERNATIONAL CORP.

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

	2023			2022		
Item	**Operating Costs**	**Operating Expenses**	**Total**	**Operating Costs**	**Operating Expenses**	**Total**
Salaries	$18,383	$24,536	$42,919	$ 23,528	$ 34,894	$ 58,422
Employees’ insurance	1,935	2,774	4,709	1,887	2,476	4,363
Pension fund	785	1,167	1,952	719	1,011	1,730
Director’s remuneration	-	1,825	1,825	-	3,200	3,200
Other employee benefits	1,239	1,314	2,553	2,011	2,154	4,165
	$22,342	$31,616	$53,958	$ 28,145	$ 43,735	$ 71,880
Depreciation expenses	$11,833	$ 3,553	$15,386	$ 9,881	$ 3,524	$ 13,405
Amortization expenses	$ 3,194	$ 905	$ 4,099	$ 2,371	$ 415	$ 2,786

Note 1: For the present year and the previous year, the Company had average of 57 employees in both years, which included 1 and 2 non-employee directors, respectively.

Note 2: Average employee benefits for the years ended December 31, 2023 and 2022 were $931 thousand and $1,249 thousand, respectively.

Note 3: Average salary for the years ended December 31, 2023 and 2022 were $766 thousand and $1,062 thousand, respectively.

Note 4: The average salary decreased by 27.9% year over year.

Note 5: The Company didn’t have the supervisors for the year ended December 31, 2023 and 2022. Therefore, the Company did not have the corresponding remuneration of supervisors.

Note 6: The remuneration of directors and managers is determined by the Remuneration Committee in accordance with individual performance and market trends. Staff remuneration is based on Company’s policy and market trends.

Mechema International Group Co,. Ltd.

Chairman: Lung-Tsai Yen

Printed on May 10, 2024