Stock Code: 1418

Annual Report

2023

TongHwa Corporation

(formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)

Published on 30 April 2024

Website for Annual Report: http://mops.twse.com.tw
Website of the Company: http://www.tonghwa.com.tw

I. The name, title, contact number, and e-mail of the Company's spokesperson and acting spokesperson

Spokesperson: Yeh Yan-Ling Title: Assistant Vice President

Acting spokesperson: Jiang Zhi-Heng Title: Vice President

Tel.: (02)23967768

E-mail：thsf@ms22.hinet.net

II. Address and Tel. of headquarters, branches and plants:

Headquarters: 9F, No.56, Sec. 1, Xinsheng S. Rd., Taipei City, Taiwan (R.O.C.)

Branch: None

Plant: No.125, Taihe Vil., Zhubei City, Xinzhu County, Taiwan (R.O.C.)

Tel. of headquarters: (02)23967768

Tel. of plant: (03)5552211

III. Name, address, Tel., and website of the stock transfer agency

Stock Agency Department, SinoPac Securities Corporation

Address: 3F, No.17, Bo'ai Rd., Taipei City, Taiwan (R.O.C.)

Tel.: (02)23816288

Website: http://www.sinotrade.com.tw/stocktransfer

IV. Name, firm, address, Tel., and website of CPAs who performed the certification for the annual financial report for the most recent year

CPAs: CPAs Peng Li-Chen and Wu Hsin-Liang

Address: 14F (top floor), No.11, Sec. 2, Nanjing E. Rd., Taipei City, Taiwan (R.O.C.)

Tel.: (02)25165255

Website: http://www.bakertilly.tw

V. Name of any exchanges where the Company's securities are traded offshore and the method by which to access information on said offshore securities: None.

VI. Website of the Company: http://www.tonghwa.com.tw

Content

One. Letter to Shareholders

A. The annual demand for acrylic staple fibre in the Chinese mainland market in 2023 is about 600,000 tonnes, which is flat compared to last year; No new production capacity. Jilin Chemical Fibre and SPC shifted their development focus to carbon fibre. The proportion of acrylic staple fibre in acrylonitrile applications has dropped to about 20%.

B. The main Raw materials acrylonitrile China added an annual production capacity of 260,000 tonnes, and the annual production capacity of acrylonitrile increased from 3,810,000 tonnes to 4,070,000 tonnes, and will continue to increase to 4,400,000 tonnes in 2024. The annual production of acrylonitrile is 1,040,000 tonnes, ranking first in the world. The demand comes from the new production capacity of ABS and the expansion and construction of the production of nylon 66 Raw materials.

C. The price of acrylic staple fibre at the end of 2023 decreased by US $0.23/kg, about 11%, compared to the beginning of the year. The price of acrylonitrile increased by USD 57/tonne, about 5%. Previously (acrylonitrile price/acrylic staple fibre price) was about 70% for a long time. At the beginning of the year, this ratio decreased to 57.5% due to the falling price of acrylonitrile. However, it has risen to 68.5% in December. It is estimated that it will be reduced to 65% or lower in the first quarter of 2024.

We hereby certify the 2023 production, sales, and operations report as follows.

Production	114	tons
Sales	511	tons

D. In order to pursue the sustainable operation of the Company, the Company intends to diversify its operations, develop diversified businesses, and start the Assets revitalization transformation plan. Please check and verify.

Two. Company Profile

I. Date of establishment: March 2, 1970

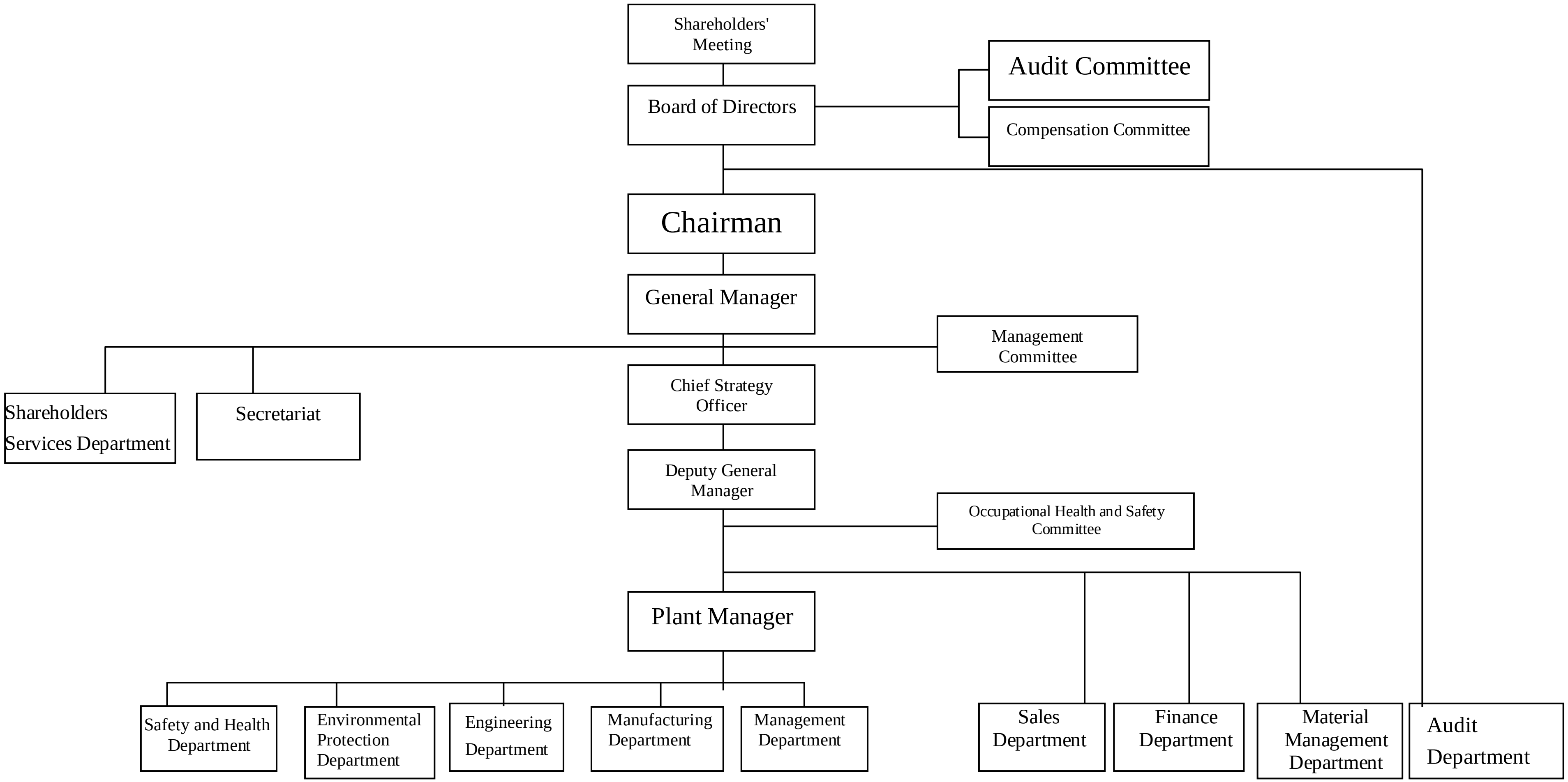
II. Company History:

1. The company specializes in manufacturing polyacrylonitrile fiber (also known as acrylic fiber). In 1970, the company's founder and former chairman Mr. Lin Shan-Zhong, together with prominent figures in Taiwan's industrial and textile industries, and Japanese companies Mitsubishi Rayon and Mitsubishi Corporation, invested in and established Dong Hwa Synthetic Fiber Co., Ltd. After two years of planning, the company officially began operation in March 1970 with a registered capital of NTD 100 million and a daily production of 15 tons of "Dong Hwa Dragon" acrylic fiber. Over the years, the company has undergone several rounds of capital increases and expansions. At its peak in the end of 2007, its capital reached over NTD 2.6 billion. After several rounds of capital reductions and private placements, the current paid-in capital is NTD 568,343,090, with a daily production capacity of 100 tons of polyacrylonitrile fiber. In recent years, the company has been committed to the development of special acrylic fibers, including anti-pilling, ultra-fine denier, and flat fibers, Due to the decline in market demand for acrylic fibre, manufacturers are facing continuous losses and cannot change. In 2021, the Board of Directors of the Company carried out the transformation of production suspension and diversification. In 2022, it was renamed as TongHwa Corporation , increasing the business of Item.
2. Merger and acquisition: None
3. Investment in subsidiary companies: In response to operational needs, the company established a subsidiary, Shan He Zhuang Co., Ltd.
4. Restructuring: None

5. Major transfers or changes in the shareholding of directors, supervisors, or shareholders with more than 10% of the company's shares: (1) Established an audit committee to replace the supervisors. (2) On March 23, 2023, the board of directors elected Mr. Lin Chuang-Ru as the new chairman. (3) On April 24, 2023, Mr. Peng Ji-Xian resigned as a director.
6. Change of ownership: None.
7. Major changes in business model or operations: (1) Discontinuation of production of acrylic cotton. (2) In order to achieve sustainable business operations, the company plans to diversify its operations and develop multiple business entities, and has initiated an asset activation plan.
8. Other important matters that may affect shareholder rights and interests and their impact on the company: None.
9. Information from earlier years that has a significant impact on understanding the company's development: Please refer to page 42 for details.

Three. Corporate Governance Report

I. Organization system



Business of Major Departments

Departments	Business Scope
Audit Department	Plan and execute internal audits and track improvements.
Material Management Department	Procure raw materials and control inventory.
Finance Department	Handle accounting, taxation, profit and loss calculations, business analysis, and financial management operations.
Sales Department	Sell company products and coordinate production plans.
Management Department	Handle administrative affairs, cash management, human resources, and general affairs.
Manufacturing Department	Develop plans for manufacturing acrylic fibers, manufacture products, implement quality control systems, schedule production processes, and monitor production progress and shipment status.
Engineering Department	1. Maintain and repair equipment in various factories to ensure smooth production. 2. Manage power supply. 3. Manage project engineering schedules, quality, and budgets.
Environmental Protection Department	1. Manage pollution prevention, such as water, air, noise, to comply with legal requirements. 2. Manage storage.
Safety and Health Department	Supervise labor safety and health management of various units to ensure a safe working environment.

II. Data on Directors, supervisors, President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

1. Director Information

April 27th, 2024

Title	Nationality or Registered Address	Name	Gender/Age	Selection Appointment Date	Term of office	Initial appointment date	Shareholding at the time of appointment		Current number of shares held		Shares currently held by spouse or minor children		Shares held under the name of others		Main education and career experience	Current concurrent positions at this company and other companies	Other executives, directors, or supervisors who have a spouse or a relationship within the second degree of kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Lin Chuang-Ru	Male 41~50 years old	June 27, 2022	3 years	May 31, 2001	375,121	0.66	375,121	0.66	0	0	0	0	Director of TongYe Investment CO., LTD. and TongHwa Co., Ltd.	General Manager of CHUNG LING CO., LTD., Director of CETECH CO., LTD., and Director of TongYe Investment CO., LTD.	Chief Strategy Officer	Lin He-Hui	Father and Son	
Director	Taipei City	CHUNG LING CO., LTD.	Juridical Person	June 27, 2022	3 years	May 31, 1983	20,849,514	36.68	20,917,364	36.80	0	0	0	0	None	None	None	None	None	
	Taiwan	Representative: Lin He-Hui	Male 71~80 years old	June 27, 2022	3 years	August 30, 1976	539,835	0.95	519,835	0.91	361,230	0.64	0	0	Executive Director of CHUNG LING CO., LTD. and San-Chung Chemicals Co., Ltd.	Chairman of TongHwa Co., Ltd. and CSO of CHUNG LING CO., LTD.	Chairman	Lin Chuang-Ru	Father and Son	
Director	Taiwan	Lin Chuang-Ye	Male 31~40 years old	June 27, 2022	3 years	June 11, 2013	387,044	0.68	387,044	0.68	0	0	0	0	Director and Supervisor of China Steel Chemical Co., Ltd.	General Manager of TongHwa Co., Ltd. and Chairman of MRS Company	Chief Strategy Officer	Lin He-Hui	Father and Son	
Director	Taiwan	Jiang Zhi-Heng	Male 51~60 years old	June 27, 2022	3 years	June 15, 2007	56,187	0.10	65,227	0.11	0	0	0	0	General Manager of ORIENTEX PRECISION INDUSTRIAL CO., LTD.	Deputy General Manager of TongHwa Co., Ltd., Chairman of TAI LING TEXTILE CO., LTD., and Supervisor of CETECH CO., LTD. Tung Yeh Investment Co., Ltd. -Director	None	None	None	

Director	Kaohsiung City	NINGHAN DEVELOPMENT CO., LTD.	Juridical Person	June 27, 2022	3 years	June 15, 2007	3,890,445	6.85	3,890,445	6.85	0	0	0	0	None	None	None	None	None	
	Taiwan	entative: Huang You-Q	Male 41~50 years old	June 27, 2022	3 years	June 24, 2016	0	0	0	0	0	0	0	0	Finance Manager of Shiny Chemical Industrial Co. Ltd.	Financial Manager of Shiny Chemical Industrial Co. Ltd.	None	None	None	
Independent Director	Taiwan	Li Zong-Ru	Male 41~50 years old	June 27, 2022	3 years	June 21, 2019	0	0	0	0	0	0	0	0	Managing Partner of Shangyi Joint Accounting Firm and Independent Director at Taima Insurance Broker Co., Ltd.	Director, Shangyi Joint Accounting Firm, Independent Director of Forward Graphic Enterprise Co., Ltd., and Independent Director of GAME HOURS Inc.	None	None	None	
ndent Directo	Taiwan	Qiu Zheng-Yi	Male 51-60 years old	June 27, 2022	3 years	August 26, 2021	0	0	0	0	0	0	0	0	Senior Attorney of Liu & Associates Attorneys-at-Law	Head of Qiu, Zheng-Yi Law Offices	None	None	None	
Independent Director	Taiwan	Chen Wei-Tai	Male 41~50 years old	June 27, 2022	3 years	June 27, 2022	0	0	0	0	0	0	0	0	Director of SOARING TECHNOLOGY CO., LTD. Director of Original BioMedicals Co., Ltd.	Director of SOARING TECHNOLOGY CO., LTD. Director of Original BioMedicals Co., Ltd.	None	None	None	

Note: 1. Those who have previously served as directors or supervisors but have since interrupted their tenure: CHUNG LING CO., LTD. did not serve another term due to the change of directors and supervisors on May 31, 2001.

2. China State Shipbuilding Corporation Limited is also a shareholder of this company holding more than 10% of the shares.

3. This company held a general meeting of shareholders on June 27, 2022, and completely re-elected its board members, and established an audit committee to replace the supervisor.

4. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest President) of a company are the same person or are spouses or relatives within the first degree of kinship: None.

Major shareholders of corporate shareholders

April 27th, 2024

Name of corporate shareholders	Major shareholders of corporate shareholders
CHUNG LING CO., LTD.	Lin He-Hui（29.50%） Li Li（29.70%） Lin Chuang-Ru（10.00%） Lin Chuang-Ye（10.00%）
Ninghan Enterprise Co., Ltd.	Sun Jing-Yuan（26.67%） Sun Qi-Fa（16.67%） Sun Qi-Zhi（16.67%）

There are no major shareholders of these corporate shareholders.

Director Information

1. Disclosure of Director's Professional Qualifications and Independence of Independent Directors:

Conditions / Name	Professional qualifications and experience	Independence status	Number of independent director positions held in other publicly traded companies.
Lin Chuang-Ru	Long-term serving as executives and directors or supervisors of the company and related enterprises, with professional qualifications required for the company's business. For work experience, please refer to page 12.	N/A	0
Lin Chuang-Ye	Long-term serving as executives and directors or supervisors of the company and related enterprises, with professional qualifications required for the company's business. For work experience, please refer to page 12.	N/A	0
CHUNG LING CO., LTD. Representative: Lin He-Hui	Long-term serving as executives and directors or supervisors of the company and related enterprises, with professional qualifications required for the company's business. For work experience, please refer to page 12.	N/A	0
Jiang Zhi-Heng	Long-term serving as executives and directors or supervisors of the company and related enterprises, with professional qualifications required for the company's business. For work experience, please refer to page 12.	N/A	0
NINGHAN DEVELOPMENT CO., LTD. Representative: Huang You-Qing	Long-term serving as a manager of the company, with professional qualifications required for the company's finance and accounting. Please refer to page 12 for their work experience.	N/A	0

Conditions / Name	Professional qualifications and experience	Independence status	Number of independent director positions held in other publicly traded companies.
Li Zong-Ru	Please refer to page 36 for more details.	1. Whether the individual, spouse, or second-degree relatives hold positions as directors, supervisors, or employees of the company or its related enterprises: No. 2. The individual, spouse, or second-degree relatives (or anyone using their name) hold zero shares and percentage of shares of the company. 3. Whether the individual holds positions as directors, supervisors, or employees of any specific related companies: No. 4. The amount of remuneration obtained from providing business, legal, financial, accounting, or other services to the company or its related enterprises in the past 2 years: 0. 5. No circumstances under Article 30 of the Company Act exist.	2
Qiu Zheng-Yi	Please refer to page 37 for more details.	1. Whether the individual, spouse, or second-degree relatives hold positions as directors, supervisors, or employees of the company or its related enterprises: No. 2. The individual, spouse, or second-degree relatives (or anyone using their name) hold zero	0

Conditions / Name	Professional qualifications and experience	Independence status	Number of independent director positions held in other publicly traded companies.
		shares and percentage of shares of the company. 3. Whether the individual holds positions as directors, supervisors, or employees of any specific related companies: No. 4. The amount of remuneration obtained from providing business, legal, financial, accounting, or other services to the company or its related enterprises in the past 2 years: 0. 5. No circumstances under Article 30 of the Company Act exist.	
Chen Wei-Tai	Please refer to page 38 for more details.	1. Whether the individual, spouse, or second-degree relatives hold positions as directors, supervisors, or employees of the company or its related enterprises: No. 2. The individual, spouse, or second-degree relatives (or anyone using their name) hold zero shares and percentage of shares of the company. 3. Whether the individual holds positions as directors, supervisors, or employees of any specific related companies: No. 4. The amount of remuneration obtained from providing business, legal, financial, accounting,	0

Conditions / Name	Professional qualifications and experience	Independence status	Number of independent director positions held in other publicly traded companies.
		or other services to the company or its related enterprises in the past 2 years: 0. 5. No circumstances under Article 30 of the Company Act exist.	

2. Diversity and independence of the Board of Directors:

(1) Board Diversity: The Company's Board of Directors is moving towards a policy of board diversity, with the goal of increasing the proportion of female directors in the future. To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company believes that a diverse policy will help improve overall performance. Board members are selected based on their ability to complement each other across industries, including basic composition (such as age, gender, nationality, etc.), as well as industry experience and expertise, and abilities in business judgment, management, leadership decision-making, and crisis management. In the future, the Company will timely amend its diversity policy according to the operation of the Board of Directors, the operating mode, and the development needs, including but not limited to the basic conditions and values, professional knowledge and skills, to ensure that Board members generally have the knowledge, skills, and qualities necessary to perform their duties.

(2) Board Independence: The Company has three independent directors, accounting for 3/8 of the total number of directors. According to Article 26-3 and 26-4 of the Securities and Exchange Act, there are eight directors in the Company, including Chairman Lin Zhuangru, Director Lin Hehui, and Director Lin Zhuangye, who are relatives within the second degree, while the remaining directors are mostly external professionals. There is a situation of relatives within the second degree among the directors as mentioned above.

Spousal relationship among the directors: None.

2. General Manager, Deputy General Manager, Director of various departments and branch offices information April 27, 2024

Title	Nationality	Name	Gender	Date of election (appointment)	Current shareholding		Shares held by spouse and minor children		Holding of shares in the name of others		Main educational and career background	Current positions held in other companies	Manager with spouse or relatives within two degrees of relationship			Notes
					Number of shares held	lding ratio	Number of shares held	lding ratio	of shares	lding ratio			Title	Name	Relation ship	
General Manager	Taiwan	Lin Chuang-Ye	Male	2023.03.23	387,044	0.68	0	0	0	0	Director and Supervisor of CHUNG LING CO., LTD.	Chairman of Chairman of MRS Company, Supervisor of CHUNG LING CO., LTD. Chairman of Donghua Leasing Co., Ltd.	Chief Strategy Officer	Lin He-Hui	Father and Son	
Chief Strategy Officer	Taiwan	Lin He-Hui	Male	2023.03.23	519,835	0.91	361,230	0.64	0	0	Chairman of TongHwa Corporation.	Director of CHUNG LING CO., LTD.	General Manager	Lin Chuang-Ye	Father and Son	
Vice General Manager	Taiwan	Jiang Zhi-Heng	Male	2007.08.28	65,227	0.11	0	0	0	0	General Manager of ORIENTEX PRECISION INDUSTRIAL CO., LTD.	Chairman of TAI LING TEXTILE CO., LTD. Supervisor of CETECH CO., LTD. Director of TongYe Investment CO., LTD.	None	None	None	
Assistant Manager of Finance Department	Taiwan	Yeh Yan-Ling	Female	2005.01.01	20,821	0.04	0	0	0	0	Assistant Manager of Finance of TongHwa Corporation.	None	None	None	None	

Assistant Manager of Materials Department	Taiwan	Chao Ru-Yun	Male	2019.11.01	0	0	0	0	0	0	Manager of CHINA PETROCHEMICAL DEVELOPMENT CORPORATION	None	None	None	None	

Note: (1) If the Chairman and the General Manager or equivalent (top management personnel) are the same person or are spouses or first-degree relatives: N/A.

(2) Supervisors of branch offices: None.

3. Compensation for directors, supervisors, general managers, and deputy general managers

(1) Remuneration of Directors (including Independent Directors) December 31, 2023 Unit: NTD (thousand)；%

Title	Name	Remuneration of Directors								Director's Remuneration: The total amount of A, B, C, and D as a percentage of the net income after tax		Remuneration Received as an Employee								The total amount of A, B, C, D, E, F, and G as a percentage of the net income after tax		Whether or not received remuneration from subsidiaries or investee companies outside the company
		Compensation (A)		Retirement pay (B)		Director's remuneration (C)		Business execution expenses (D)				Salary, bonuses, and special allowances, etc. (E)		Retirement pay (F)		Employee compensation (G)						
																The company		All companies listed in financial reports				
		The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The company	All companies listed in financial reports	
Director	Lin Zhuang-Ru	4,334	4,334	0	0	0	0	154	154	11.23	11.23	0	0	0	0	0	0	0	0	11.23	11.23	0
Director	Lin Zhuang-Ye	0	0	0	0	0	0	130	130	0.33	0.33	3,517	3,517	0	0	0	0	0	0	9.12	9.12	0
Chairman of the Board	CHUNG LING CO., LTD. Representative: Lin He-Hui	0	0	0	0	0	0	154	154	0.39	0.39	4,566	4,566	0	0	0	0	0	0	11.81	11.81	0
Director	Jiang Zhi-Heng	0	0	0	0	0	0	130	130	0.33	0.33	2,477	2,477	0	0	0	0	0	0	6.52	6.52	0
Director	NINGHAN DEVELOPMENT CO., LTD.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Representative: Huang You-Qing	0	0	0	0	0	0	130	130	0.33	0.33	0	0	0	0	0	0	0	0	0.33	0.33	0
Director	Peng Chi-Hsian (Resigned on 24 April 2023)	0	0	0	0	0	0	86	86	0.22	0.22	0	0	0	0	0	0	0	0	0.22	0.22	0
Independent Director	Li Zong-Ru	0	0	0	0	0	0	204	204	0.51	0.51	0	0	0	0	0	0	0	0	0.51	0.51	0

Title	Name	Remuneration of Directors								Director's Remuneration: The total amount of A, B, C, and D as a percentage of the net income after tax		Remuneration Received as an Employee								The total amount of A, B, C, D, E, F, and G as a percentage of the net income after tax		Whether or not received remuneration from subsidiaries or investee companies outside the company
		Compensation (A)		Retirement pay (B)		Director's remuneration (C)		Business execution expenses (D)				Salary, bonuses, and special allowances, etc. (E)		Retirement pay (F)		Employee compensation (G)						
		The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company		All companies listed in financial reports		The company	All companies listed in financial reports	
																Cash amount	Stock amount	Cash amount	Stock amount			
Independent Director	Qiu Zheng-Yi	0	0	0	0	0	0	194	194	0.49	0.49	0	0	0	0	0	0	0	0	0.49	0.49	0
Independent Director	Chen Wei-Tai	0	0	0	0	0	0	194	194	0.49	0.49	0	0	0	0	0	0	0	0	0.49	0.49	0

Note: 1. In addition to the disclosure in the table above, the remuneration received by the company's directors for providing services in the latest fiscal year (such as serving as a consultant for the parent company/ all companies within the financial reports/ investee companies who are not employees) is NTD 0.

2. The independent directors' remuneration has not been paid by the company in the past two fiscal years, and only transportation expenses have been reimbursed. The policies, standards, and structure for remuneration payment and the amount of payment are determined by the "Remuneration Committee" based on the relationship between the responsibilities, risks, and time invested.

(2) Remuneration of supervisors: NT $0. (The Company established the Audit Committee to replace the Supervisors on 27 June 2022)

Unit: NTD (thousand) ; %

(3) Remuneration of the general manager and deputy general manager:

December 31, 2023 Unit: NTD (thousand)；%

Title	Name	Salary (A)		Retirement Pension (B)		Bonuses and special allowances (C)		Employee remuneration amount (D)				The proportion of the total of A, B, C, and D to the after-tax net income (%)		Whether to receive remuneration from investment businesses outside of subsidiaries
		The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The Company		All companies in the financial reports		The company	All companies listed in financial reports	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Lin Chuang-Ye	3,517	3,517	0	0	0	0	0	0	0	0	8.80	8.80	0
Deputy General Manager (Dismissed on 23 March 2023)	Hu Qing-Cai	802	802	0	0	0	0	0	0	0	0	2.00	2.00	0
Deputy General Manager	Jiang Zhi-Heng	2,477	2,477	0	0	0	0	0	0	0	0	6.20	6.20	0

(4) The remuneration of the top five highest-paid executives

December 31, 2023 Unit: NTD (thousand)；%

Title	Name	Salary (A)		Retirement Pension (B)		Bonuses and special allowances (C)		Employee remuneration amount (D)				The proportion of the total of A, B, C, and D to the after-tax net income (%)		Whether to receive remuneration from investment businesses outside of subsidiaries
		The company	All companies listed in financial reports	The company	All companies listed in financial reports	The company	All companies listed in financial reports	The Company		All companies in the financial reports		The company	All companies listed in financial reports	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Lin Chuang-Ye	3,517	3,517	0	0	0	0	0	0	0	0	8.80	8.80	0
Chief Strategy Officer	Lin He-Hui	4,566	4,566	0	0	0	0	0	0	0	0	11.42	11.42	
Deputy General Manager	Jiang Zhi-Heng	2,477	2,477	0	0	0	0	0	0	0	0	6.20	6.20	0
Deputy General Manager of Material Department	Chao Ru-Yun	1,170	1,170	0	0	0	0	0	0	0	0	2.93	2.93	0
Assistant Manager of Finance Department	Yeh Yan-Ling	1,102	1,102	0	0	0	0	0	0	0	0	2.76	2.76	

4. Name and distribution status of managers who distribute employee compensation: None.
5. Comparatively explain and analyze the total amount of remuneration paid to the directors, supervisors, general manager, and deputy general manager of the company and all companies in the consolidated financial statements in the past two fiscal years as a percentage of individual or individual financial report's after-tax net income. Also, explain the policy, standards, and combination of remuneration payment, the procedure for determining remuneration, and the relationship between management performance and future risks: The company has not paid director and supervisor remuneration in the past two fiscal years, with only transportation expenses and directors' salaries as employees being reimbursed. The policies, standards, and combination of remuneration payment, the procedure for determining remuneration, and the relationship between management performance and remuneration payment are all determined by the "Remuneration Committee.”

III. Corporate governance implementation

1. Board of Directors Operations

The Board of Directors has held 4 meetings (A) with the attendance of directors as follows:

Title	Name (Note1)	Actual attendance frequency B	Proxy attendance frequency	Actual attendance rate [B/A]	Notes
Chairman	Lin Chuang-Ru	4	0	100%	
Director	Lin Chuang-Ye	4	0	100%	
Director	CHUNG LING CO., LTD. Representative: Lin He-Hui	2	2	50%	
Director	Jiang Zhi-Heng	4	0	100%	
Director	NINGHAN DEVELOPMENT CO., LTD. Representative:	4	0	100%	

Title	Name (Note1)	Actual attendance frequency B	Proxy attendance frequency	Actual attendance rate [B/A]	Notes
	Huang You-Qing				
Director	Peng Chi-Hsian	1	0	100%	(Resigned on 24 April 2023)
Independent Director	Li Zong-Ru	4	0	100%	
Independent Director	Qiu Zheng-Yi	3	1	75%	
Independent Director	Chen Wei-Tai	4	0	100%	

Other information to be disclosed:

1. If the Board of Directors operates under any of the following circumstances, the dates of the Board of Directors meetings, the agenda, the opinions of all independent directors, and the company's handling of the opinions of independent directors should be explained:
   (1) Matters listed in Article 14-3 of the Securities and Exchange Act: None.
   (2) If the company has any opinions on independent directors, it will announce them in accordance with the law and include them in the minutes of the Board of Directors meeting.
2. The implementation status of directors' recusal from interested party transactions should state the names of the directors, the content of the agenda, the reasons for recusal from interests, and their participation in voting:
   (1) Names of the directors: Lin Chuang-Ru, Lin Chuang-Ye, Lin He-Hui, Jiang Zhi-Heng, Huang You-Qing, Peng Ji-Xian, Li Zong-Ru, Qiu Zheng-Yi, Chen Wei-Tai.
   (2) Agenda content: Salary and compensation cases and Retrospective salary compensation case for directors, supervisors, and executives for year 2023 and 2024.
   (3) Reasons for recusal from interests and participation in voting:
   Each individual director recused themselves from discussing their own salary and compensation, which involved their own interests. Therefore, they did not participate in voting.
3. Implementation status of Board of Directors' evaluation:
   (1) Implementation status of Board of Directors' evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Anually	January 1, 2023 to December 31, 2023	Board of Director	Internal Evaluation of the Board of Directors	1. Participation in company operations 2. Quality of the board's decision-making 3. Composition and structure of the board of directors 4. Selection and continuous education of board members 5. Internal control

(2) Individual Director Evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content

Title	Name (Note1)	Actual attendance frequency B	Proxy attendance frequency	Actual attendance rate [B/A]	Notes

Anually	January 1, 2023 to December 31, 2023	Each members of the Board of Director	Evaluation of the Board of Directors	1. Understanding of company goals and missions 2.Understanding of director responsibilities 3. Participation in company operations 4. Management of internal relationships and communication 5. Professional expertise and continuous education of directors 6. Internal control

(3) Performance evaluation of functional committees: None.

4. Evaluation of the goals to strengthen the board of directors' functions in the current and recent years (such as the establishment of an audit committee, enhancing information transparency, etc.) and the execution status: (1)The company has established and adhered to the provisions of the board of directors' meeting regulations, and assigned personnel to disclose relevant information to enhance information transparency. (2) On June 27th, 2022, the shareholders' meeting established an audit committee to replace the supervisor and set forth and abide by its organizational regulations for implementation. All matters are carried out in accordance with legal regulations.

2. Operation of the Audit Committee and participation of the Supervisor in the operation of the Board of Directors:

(1) Information on the operation of the Audit Committee:

The Audit Committee has held 4 meetings (A) in the most recent fiscal year with the attendance of independent directors is as follows:

Title	Name	Actual attendance frequency B	Proxy attendance frequency	Actual attendance rate [B/A]	Notes
Independent Director	Li Zong-Ru	4	0	100%	
Independent Director	Qiu Zheng-Yi	3	1	75%	
Independent Director	Chen Wei-Tai	4	0	100%	

Other matters to be recorded:

1. If the Audit Committee has any of the following circumstances, the date, term, agenda, opinions of independent directors, contents of significant recommendations or suggestions, resolution of the Audit Committee, and the company's handling of the Audit Committee's opinions should be disclosed:
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act: None.
   (2) Other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.
2. The execution status of independent directors' recusal from matters involving conflicts of interest should disclose the names of the independent directors, the content of the matter, the reasons for the recusal, and their participation in the vote: Please refer to page 26.
3. The communication status between independent directors and the internal audit supervisor and the accountant (including significant matters, methods, and results of communication on the company's financial and business conditions): In accordance with the regulatory framework for establishing internal control systems for listed companies, the company follows annual audit plans to carry out various inspection tasks. Upon discovering any deficiencies, the results are documented in reports and brought to the attention of the relevant departments for improvement. These reports are also submitted to the independent directors for review. Thus far, no significant deficiencies or drawbacks have been identified. If any are found, they will be promptly reported to the independent directors in detail, and appropriate measures will be taken for supervision and improvement, as required by law.

(2) Participation of Supervisor in the Operation of the Board of Directors :None.(The company underwent a comprehensive election on June 27, 111.6, and the supervisor was replaced by the Audit Committee)

3. Evaluation Items for Corporate Governance Operation:

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
1. Has the company established and disclosed corporate governance practices in accordance with the "Corporate Governance Best Practice Principles for Listed and OTC Companies"?		✓	Under study	Under study
2. Company ownership structure and shareholder rights: (1) Has the company established internal procedures for handling shareholder proposals, questions, disputes, and litigation matters, and implemented them accordingly?		✓	Handled by the spokesperson and the stock affairs unit	No significant differences
(2) Does the company have a list of the major shareholders who control the company and the ultimate controllers of those major shareholders?	✓		Managed based on the shareholder roster provided by the stock affairs unit.	No significant differences
(3) Has the company established and implemented risk management and firewall mechanisms between related parties?	✓		Formulated "Subsidiary Supervision and Control Operation Regulations"	No significant differences
(4) Has the company established internal rules to prohibit insiders from trading securities with undisclosed information?	✓		Established "Management Measures for Preventing Insider Trading"	No significant differences
3. Composition and responsibilities of the board of directors: (1) Has the board of directors formulated a diversity policy, specific management goals, and implemented them effectively?		✓	Under study	Under study
(2) In addition to the legally required compensation and audit committees, has the company voluntarily established other functional		✓	Under study	Under study

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
committees?				
(3) Has the company established a method for evaluating the board of directors' performance and the evaluation process, and conducted regular evaluations every year? Has the results of the performance evaluations been reported to the board of directors and used as a reference for individual director compensation, remuneration, and reappointment?		✓	Executed annually as required by law	No significant differences
(4) Does the company conduct periodic evaluations of the independence of the signing accountant?	✓		In addition to regular evaluations, the accounting firm appointed by the Company also regularly rotates signing accountants to comply with independence requirements.	No significant differences
4. Does the company have suitable and adequate governance personnel, and designated governance executives responsible for governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to board and shareholders meetings in accordance with the law, and preparing minutes of board and shareholders meetings)?	✓		Dedicated personnel are responsible	No significant differences
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder	✓		Handled by dedicated personnel and meetings are held regularly (website:	No significant differences

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
zone on the company's website, and properly responded to important corporate social responsibility issues raised by stakeholders?			www.tonghwa.com.tw)	
6. Has the company appointed a professional shareholder services agency to handle shareholder meeting affairs?	✓		Appointed "Sinopac Securities Corporation Stock Affairs Agency"	No significant differences
7. Information disclosure (1) Has the company set up a website to disclose financial and governance information?	✓		Discloses information in accordance with relevant regulations and links to the Public Information Observation Station	No significant differences
(2) Has the company adopted other methods of information disclosure (such as setting up an English website, designating a person in charge of collecting and disclosing company information, implementing a spokesperson system, or placing the process of the corporate explanation meeting on the company's website)?	✓		Dedicated personnel are responsible for information collection and disclosure, and the spokesperson system is implemented	No significant differences
(3) Has the company announced and filed the annual financial report within two months after the end of the fiscal year, and announced and filed the first, second, and third quarter financial reports and monthly operating results ahead of the prescribed deadline?		✓	Under study	Under study
8. Does the company have other important information that can help understand the operation of governance (including but not limited to employee benefits, employee care, investor relations, supplier relations, stakeholder rights, the training status of directors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the purchase of	✓		The directors attended the board meetings in a normal manner and effectively carried out the agenda on directors' conflicts of interest and obtaining directors' liability insurance.	No significant differences

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
liability insurance for directors)?				
9. Explain the improvement status of the company's governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange in the past year, and propose priority strengthening measures for those that have not yet improved.	1. It is proposed to strengthen the promotion of internal vertical reports and horizontal communication for improvement. 2. Priority is given to strengthening the timeliness of reporting and announcement to enhance information transparency and timeliness. 3. The Company has always complied with various laws and regulations.			

4. Composition, duties, and operation of the Compensation Committee:

(1) Member information of the Compensation Committee

Identity	Qualifications / Name	Professional qualifications and experience	Independence status	Number of other public listed companies where they serve as compensation committee members	Note
Independent director	Li Zong-Ru (Convener)	Professional with a professional accounting certificate who passed the national examination Auditor at PricewaterhouseCoopers (2002-2003) Managing Partner at Shang Yi & Partners CPA (98-present) Independent Director at Taima Insurance Broker Co., Ltd. (2013-2019) Independent Director at Kao Corporation (2017-present) Independent Director at WISDOM ENTERTAINMENT CO., LTD. (2017-present)	1. Whether the individual, spouse, or first-degree relatives are serving as a director, supervisor, or employee of the Company or its related enterprises: No. 2. The number and proportion of company shares held by the individual, spouse, or first-degree relatives (or held in the name of others): 0. 3. Whether the individual serves as a director, supervisor, or employee of a specific related company: No. 4. The remuneration received in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises: 0.	1	

Identity	Qualifications / Name	Professional qualifications and experience	Independence status	Number of other public listed companies where they serve as compensation committee members	Note
Independent director	Qiu Zheng-Yi	Professional individuals who passed the national exams and hold a lawyer's certificate Legal advisor for Taipei City Public and Private Elementary and Secondary School Principals Association (2018-present) Senior lawyer at United Legal Group (2012-2022) Head of Qiu, Zheng-Yi Law Offices (2023~present)	1. Whether the individual, spouse, or first-degree relatives are serving as a director, supervisor, or employee of the Company or its related enterprises: No. 2. The number and proportion of company shares held by the individual, spouse, or first-degree relatives (or held in the name of others): 0. 3. Whether the individual serves as a director, supervisor, or employee of a specific related company: No. 4. The remuneration received in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises: 0.	0	

Identity	Qualifications / Name	Professional qualifications and experience	Independence status	Number of other public listed companies where they serve as compensation committee members	Note
Independent director	Chen Wei-Tai	Professional individuals who hold a Securities Investment Analyst Certificate Director of Uplift Technology Co., Ltd. (2018-present) Director of Origin Biosciences Inc. (2022-present)	1. Whether the individual, spouse, or first-degree relatives are serving as a director, supervisor, or employee of the Company or its related enterprises: No. 2. The number and proportion of company shares held by the individual, spouse, or first-degree relatives (or held in the name of others): 0. 3. Whether the individual serves as a director, supervisor, or employee of a specific related company: No. 4. The remuneration received in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises: 0.	0	

(2) Responsibilities:

① Regularly review the organizational regulations of the compensation committee and propose amendments.

② Develop and periodically review the annual and long-term performance goals and policies, systems, standards, and structures of the directors and managers of the Company with regard to compensation and benefits.

③ Regularly evaluate the achievement of the performance goals of the directors and managers of the Company, and establish the content and amount of their individual compensation and benefits.

(3) Information on the operation of the compensation committee:

① The compensation committee of the Company has three members.

② The current term of the committee is from August 8, 111 to June 26, 114. The committee held 2 meetings in the latest fiscal year (A), and the qualifications and attendance of the committee members are as follows:

Title	Name	Actual Attendance Count (B)	Delegate Attendance Count	Actual Attendance Rate (%)【B/A】	Note
Convener	Li Zong-Ru	2	0	100%	
Committee Member	Qiu Zheng-Yi	1	1	50%	
Committee Member	Chen Wei-Tai	2	0	100%	
Other matters to be recorded: 1. If the board of directors does not adopt or revise the recommendations of the Remuneration Committee, the date, session, agenda content, board resolution, and the company's handling of the opinions of the Remuneration Committee shall be					

stated (if the remuneration approved by the board of directors is better than the recommendations of the Remuneration Committee, the difference and reasons should be stated): None.

2. If any member of the Remuneration Committee opposes or reserves their opinion on a resolution, and such opinion is recorded or stated in writing, the date, session, agenda content, all members' opinions, and the handling of such opinions should be stated: None.

5. Information on the members and operation of the Nomination Committee: None.

6. Promotion of Sustainable Development Execution:

Promotion Item	Execution Status			Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies
	Yes	No	Abstract	
1. Has the company established a governance framework to promote sustainable development, set up a dedicated unit to promote sustainable development, and authorized senior management to handle it, with oversight by the board of directors?		✓	1. The company is studying the governance framework for promoting sustainable development. 2. The status of implementation for each organization within the company includes, but is not limited to: (1) The name and timing of setting up a dedicated unit for promoting sustainable development, as well as authorization from the board of directors: under study. (2) The composition and operation of the unit's members, as well as their execution status for the current year (such as work plans and management): under study. (3) The frequency of reporting to the board of directors (at least once a year) or the date of reporting to the board of directors for the current year: none. 3. The board of directors' supervision of sustainable development: under study.	Under study
2. Has the company conducted risk assessments		✓	1. The boundary of risk assessment (including the	Under study

Promotion Item	Execution Status			Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies
	Yes	No	Abstract	
related to environmental, social, and corporate governance issues relevant to its operations based on the materiality principle, and developed related risk management policies or strategies?			scope of subsidiaries covered): under study. 2. The risk assessment standards, processes, results, and risk management policies or strategies for identifying significant environmental, social, and corporate governance-related risks: under study.	
3. Environmental issues (1) Has the company established appropriate environmental management systems based on its industry characteristics?		✓	1. How to implement effective environmental management systems and the regulations that are followed: establishing a dedicated staff to implement management in accordance with relevant regulations. 2. The international verification standards that the company has passed (as of the date of the annual report) and the scope covered: none.	Under study
(2) Is the company committed to improving energy efficiency and using renewable materials with low environmental impact?		✓	The company is actively planning to improve its energy utilization rate and use of renewable materials.	Under study
(3) Has the company assessed the potential risks and opportunities of climate change for the enterprise present and future, and taken relevant response measures?	✓		How the company evaluates the potential risks and opportunities of climate change for the present and future of the enterprise, the evaluation results, and the relevant response measures taken: setting energy conservation goals and implementing plans.	No significant differences

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Execution Status</th><th rowspan="2">Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td>(4) Has the company compiled greenhouse gas emissions, water use, and total waste weight for the past two years and developed policies for greenhouse gas reduction, water use reduction, or other waste management?</td><td>✓</td><td></td><td>Company Policy Statement: Due to the abnormal global climate and rapid temperature rise, causing abnormal phenomena such as global warming, our company has the obligation to fulfill corporate social responsibility and comply with environmental protection regulations. We will actively promote the greenhouse gas inventory system to grasp our own greenhouse gas emissions and use it as a reference for the next stage of company energy conservation and greenhouse gas reduction. We aim to achieve international standards and establish a low-carbon enterprise for environmental sustainable development in the future.
<table>
<tr><th>Categories / Year</th><th>Hazardous waste (metric tons)</th><th>Non-hazardous waste (metric tons)</th><th>Total waste (metric tons)</th><th>Water consumption (cubic meters)</th><th>Note</th></tr>
<tr><td>2021</td><td>210.64</td><td>8.12</td><td>218.76</td><td>3,515</td><td rowspan="3">1. The board of directors of our company passed a resolution on April 1, 2021 to stop the production of acrylic fiber production line.
2. Due to the shutdown of the production line,</td></tr>
<tr><td>2022</td><td>252.76</td><td>122.82</td><td>375.58</td><td>384</td></tr>
<tr><td>2023 (as of April)</td><td>0</td><td>0</td><td>0</td><td>77</td></tr>
</table></td><td>No significant differences</td></tr>
</table>

Promotion Item	Execution Status			Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies
	Yes	No	Abstract	
			the waste generated was process residue waste liquid, which is a non-routine waste. It was disposed of by one-time commissioning of clearance and treatment.	
4. Social issues (1) Has the company established relevant management policies and procedures in accordance with relevant laws and international human rights conventions?		✓	Policy and specific management plan of insurer's rights: prioritize labor safety and welfare, in compliance with relevant labor laws and regulations.	No significant differences
(2) Has the company established and implemented reasonable employee welfare measures (including salaries, leave, and other benefits), and appropriately reflected business performance or results in employee compensation?	✓		1. Employee welfare measures: The company strictly adheres to the Labor Standards Act, Gender Equality in Employment Act, Occupational Safety and Health Act, etc. 2.How business performance or results are reflected in employee compensation policies and their implementation: According to the company's regulations, if there are profits, the operational performance results should be appropriately reflected in employee compensation.	No significant differences

Promotion Item	Execution Status			Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies
	Yes	No	Abstract	
(3) Does the company provide employees with a safe and healthy working environment and regularly provide them with safety and health education?	✓		1. Measures for employee safety and healthy working environment, education policy for employees and its implementation: Regular employee health checks are conducted, and supervision of labor safety and health management in all departments is strengthened. Through continuous labor safety and health training, employees are trained to develop emergency response capabilities and safety awareness. 2. Explanation of relevant certifications obtained by the company (as of the date of printing of the annual report) and their coverage: None. 3. The number of occupational accidents and the ratio of affected employees to the total number of employees in the current year, and related improvement measures: None.	No significant differences
(4) Has the company established an effective career development and training program for employees?	✓		Training plan coverage, scope, and implementation: The company periodically sends employees (including supervisors and colleagues) to attend training courses and professional training according to their job responsibilities.	No significant differences
(5) Does the company follow relevant laws and	✓		The regulations and international standards	No significant

Promotion Item	Execution Status			Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies
	Yes	No	Abstract	
international standards regarding customer health and safety, customer privacy, marketing, labeling, and other issues related to its products and services, and develop related policies and complaint procedures to protect consumer or customer rights?			followed by each item, and the name, content, and complaint procedures of the policy to protect consumer or customer rights: The company adheres to various relevant laws and international standards, and has no specific policy to protect consumer or customer rights, but the complaint channel is unobstructed, and insurance procedures are established to protect the rights of both parties.	differences
(6) Has the company established a supplier management policy that requires suppliers to comply with relevant norms regarding environmental protection, occupational safety and health, or labor rights, and implemented it?		✓	1. Supplier management policies and related compliance norms, and the content should have positive and specific requirements for suppliers in environmental protection, occupational safety and health, and labor rights: When signing contracts with suppliers, strict requirements are imposed to comply with relevant legal regulations. 2. Implementation status of supplier management policies and related compliance norms: When signing contracts with suppliers, strict requirements are imposed to comply with relevant legal regulations.	No significant differences

Promotion Item	Execution Status			Differences and Reasons between the Company's Sustainable Development Practices and the Practices Recommended for Listed and OTC Companies
	Yes	No	Abstract	
5. Has the company prepared a sustainability report or other report disclosing non-financial information based on international reporting standards or guidelines, and has it obtained a confirmation or assurance opinion from a third-party verification unit?		✓	1. International compilation standards or guidelines referred to, and the report on non-financial information disclosure: Under study. 2. If confirmed or guaranteed, the name of the verification unit, the verification item or scope, and the standards followed: Under study.	Under study
6. If the company has its own sustainable development guidelines based on the "Practical Guidelines for Sustainable Development of Listed and OTC Companies," please describe the differences between their operation and the established guidelines: None.				
7. Other important information that helps understand the operation of corporate social responsibility: None.				

7. Climate-related information:

Item	Implementation
1. Describe the Board of Directors and management's	In response to the high uncertainty of the climate and rapid changes in policies and markets, the Company timely grasps and estimates the possible impacts of climate change. Study and regularly convene heads of various departments to identify major climate risks and

Item	Implementation
supervision and governance of climate-related risks and opportunities.	opportunities. We hope to keep abreast of climate change and market dynamics in the external environment. Consider the overall operation strategy planning more comprehensively. The dedicated unit is responsible for formulating, promoting and strengthening the action plans and capital expenditures of the Company's important policies, reviewing, tracking and Amendment and implementation It is also proposed to report to the Board of Directors, and incorporate climate change risk management into the company's overall risk management process.
2. Describe how the climate risks and opportunities identified affect the business, strategy, and finance (short-term, medium-term, and long-term).	The Company plans to actively develop solutions in the hope of reducing the operational and financial impacts of climate change and improving the resilience of the organisation's climate. It is also defined as short-term within 3 years, The medium-term is 3-5 years, and the long-term is more than 5 years. Assess the potential operational and financial impacts of relevant climate risks and opportunities on the company. In response to climate-related risks and opportunities. Short-term: 1-3 years: Greenhouse gas emission control, carbon tax, and carbon fee. Mid-term: 3 to 5 years: Changes in consumer demand, transformation technology, and the addition of relevant laws and regulations Long-term 5 years or more: Net zero emissions trend.

Item	Implementation
3.Describe the financial impact of extreme weather events and transformation actions.	Impact of extreme climate events on finance: Through internal discussion, inventory and evaluation, the Company has identified potential risks to its operations such as floods, droughts and changes in precipitation patterns and extreme changes in climate patterns. Impact of transformation on finance: The Company is in the process of industrial transformation and expects to be able to use green energy products in response to these transformation risks. Green energy products may increase operating costs.
4.Describe how the identification, assessment and management process of climate risks are integrated into the overall risk management system.	The Board of Directors is the highest decision-making unit of the Company's risk control and directly supervises the Company's risk governance structure. In order to improve risk assessment and strengthen management functions, Study and set up a dedicated unit responsible for identifying and managing the risks of business operations, including the transformation risks that may be brought by climate change, and lead the planning of related response measures. It is proposed to submit the management implementation status and risk control report to the Board of Directors at least once a year, supervise and track the implementation of risk management by the management team, and It is expected to strengthen the corporate constitution.
5. If the resilience of climate change is evaluated using scenario analysis, the use of scenarios, parameters,	Although scenario analysis cannot predict the future, it allows the Company to better understand how climate change affects the Company. Risk management and assessment of important tools for the Company's strategic flexibility to assess the resilience to face climate change risks under different external conditions. The Company has not yet used the scenario analysis tool, and will incorporate the key Item of the

Item	Implementation
assumptions, analysis factors and major financial impacts should be explained.	climate governance plan in the future.
6. If there is a transformation plan in response to the management of climate-related risks, the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	In order to achieve net zero emissions, we have formulated a low-carbon transformation plan, which will reduce direct emissions (Scope 1) from operating activities and indirect emissions (Scope 2) from energy use. The implementation content is proposed to include: 1. Improve energy productivity and efficiency. 2. Increasing the proportion of renewable energy used.
7. If the internal carbon pricing is used as a planning tool, the price setting basis should be stated.	Under planning.
8. If there is a climate-related target, it should explain the	The Company has long been committed to environmental protection, creating a harmonious win-win situation for the economy and the environment. Reduce greenhouse gas to enhance ecological benefits and contribute to a sustainable

Item	Implementation
activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of the progress; If the Carbon Offset or Renewable Energy Certificate (RECs) are used to achieve the relevant goals, the source and quantity of the carbon reduction quota offset or the quantity of the Renewable Energy Certificate (RECs) should be stated.	environment. The Company has not yet used carbon offset or purchased renewable energy certificates.
9. Greenhouse gas inventory and assurance status, reduction targets, strategies and specific plans.	The Company's greenhouse gas inventory and assurance in the last two years 1-1-1 Greenhouse gas inventory information 1. The Company currently only conducts internal inventory. 2. According to the regulations of the competent authority, the Company shall complete the inventory in 2026. 3. Consolidated Financial Statements Subsidiaries According to the regulations of the competent authority, the Company should complete the inventory in 2027.

Item	Implementation

		111year		112year	
		Emissions (tonne) CO2e)	Intensity (tonne) CO2e/ Revenue NT $Million)	Emissions (tonne) CO2e)	Intensity (tonne)CO2e/ Revenue NT $Million)
Parent company	Scope 1	7.5513		3.993	
	Scope 2	448.3272		388.0604	
	Sub-total	455.8785	21.9701	392.0534	19.0407
Consolidated Financial Statements All subsidiaries	Scope 1				
	Scope 2	0	0	0	0
	Sub-total				
Total		455.8785	21.9701	392.0534	19.0407

Note: The subsidiaries' operations in the consolidated financial statements are consolidated into the personnel of the parent company, and the turnover in 2023 is NT $0, and there is no actual operating activity.

Only present the information of the parent company's self-inspection.

1-1-2 Greenhouse gas verification information

1. The Company currently only conducts internal self-inspection and has not yet obtained the assurance from the inspection agency.

2. According to the regulations of the competent authority, the Company should complete the verification and assurance in 2028.

3. Consolidated Financial Statements Subsidiaries According to the regulations of the competent

Item	Implementation
	authority, the Company shall complete verification and assurance in 2029. 4. The use of fuel in the Company's boiler steam and electricity symbiosis (M01) meets the criteria for recording greenhouse gas emissions in the "First Batch of Emission Sources That Shall Inventory Greenhouse Gas Emissions", and from 2014 to 2021, the greenhouse gas emissions are recorded and verified according to the implementation. 5. At present, the coal-fired boiler equipment has been dismantled, and the boiler steam-electricity symbiosis process (M01) operation permit has been cancelled with the consent of the Hsinchu County Government. According to the Environmental Protection Administration, Executive Yuan, the Environmental Protection Administration, Letter No. 1111143720 dated 17 November 2022, it is agreed that the Company will stop the greenhouse gas emission inventory registration and assurance operation. 6. In line with GHG-related policies, the Company has adopted a self-inspection since 2022, and completed the inventory assurance operation in accordance with the relevant strategy and regulation schedule of the Financial Supervisory Commission. 1-2 Greenhouse gas reduction targets, strategies and concrete action plans: under planning. Note: Since April 2021, the Company has announced that acrylic fibre cotton production line has stopped production transformation. The base year of greenhouse gas reduction and its data, reduction targets, strategies and specific action plans and achievements are still under planning.

Note: Complete assurance information will be disclosed in Market Observation Post System.

8. Compliance with the principles of integrity in business operations:

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
1. Establishment of Business Integrity Policy and Program (1) Has the company established a business integrity policy approved by the board of directors, and stated it in regulations and external documents, as well as committed to implementing the policy with the board and senior management?		✓	Under study	Under study
(2) Has the company established a risk assessment mechanism for unethical behavior, regularly analyzed and evaluated business activities with higher risk of unethical behavior within its scope of operations, and developed preventive measures according to such assessment, covering at least the preventive measures for the behaviors specified in Article 7, Paragraph 2 of the "Business Integrity Guidelines for Listed and OTC Companies"?		✓	Under study	Under study
(3) Has the company specified the operating procedures, behavioral guidelines, penalties for violations, and complaint system in the preventive measures against unethical behavior program, implemented them, and reviewed and revised the program regularly?		✓	Has a "Rewards and Punishments Committee"	No significant differences
2. Implementation of Business Integrity (1) Has the company evaluated the integrity records of counterparties and specified integrity behavior clauses in contracts with them?	✓		Depending on the contract situation	No significant differences
(2) Has the company established a dedicated unit reporting to the board of directors to promote business integrity, and reported its business integrity policy, preventive measures		✓	Under study	Under study

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
against unethical behavior, and their implementation and supervision at least once a year?				
(3) Has the company established a policy to prevent conflicts of interest, provided appropriate reporting channels, and implemented it?		✓	Has a dedicated unit	No significant differences
(4) Has the company established effective accounting and internal control systems to implement business integrity, developed relevant audit plans based on the assessment results of the risk of unethical behavior, and audited the compliance with the preventive measures against unethical behavior program, or commissioned accountants to do so?	✓		All have dedicated units	No significant differences
(5) Does the company hold regular internal and external education and training on business integrity?		✓	Under study	Under study
3. Operation of Whistleblowing System (1) Has the company established specific whistleblowing and reward systems, set up convenient reporting channels, and assigned appropriate personnel to handle reported cases?	✓		Has a "Rewards and Punishments Committee"	No significant differences
(2) Has the company established standard operating procedures for investigating reported cases, determined follow-up measures after investigations, and implemented relevant confidentiality mechanisms?		✓	Under study	Under study
(3) Has the company taken measures to protect whistleblowers from improper treatment?	✓		All have dedicated personnel to handle	No significant differences
4. Strengthening Information Disclosure Has the company disclosed the contents and effectiveness of its business integrity policy on its website and the public information observation		✓	Under study	Under study

Evaluation Items	Operation Status			Differences and reasons for compliance with the governance practices for listed and OTC companies
	Yes	No	Abstract	
system?				
5. If the company has established its own business integrity guidelines according to the "Business Integrity Guidelines for Listed and OTC Companies," please specify the differences between its operation and the established guidelines: None.				
6. Other important information that helps understand the company's business integrity operation: None.				

9. If the company has established corporate governance codes and related regulations, it shall disclose the ways to access them: None.

10. Other important information that could enhance understanding of the company's governance practices: None.

11. Implementation of the internal control system

(I) Statement of Internal Control System

Date: 11 March 2024

Based on the self-evaluation results of the internal control system in 2023, the Company hereby declares as follows:

1. The Company is aware that establishing, implementing, and maintaining the internal control system is the responsibility of the Board and managers of the Company, and the Company has established the system. The purpose of the system is to provide reasonable assurance for achieving operating effects and efficiency (including profits, performance, and the protection of assets' safety), reliability, timeliness, transparency, and compliance with relevant specifications and relevant laws, regulations, rules, and other objectives.
2. The internal control system has its inherent restriction. Regardless of the comprehensive design, an effective internal control system may only provide reasonable assurance regarding the achievement of the abovementioned three objectives. Furthermore, due to the changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the internal control system of the Company has a self-monitoring system; once a deficiency is identified, the Company will immediately adopt actions for corrections.

3. The Company determines whether the design and implementation of its internal control system are effective based on the items of determination for the effectiveness of internal control systems stated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The items of determination for the effectiveness of internal control systems adopted in the "Regulations" are five components of the internal control system divided based on the course of management control: 1. Environmental control; 2. risk evaluation; 3. control operation; 4. information and communication; and 5. monitoring operation. Each component includes multiple items. For the abovementioned items, please refer to the requirements of the "Regulations."
4. The Company has adopted the items for the determination of the internal control system above to evaluate the effectiveness of the design and implementation of its internal control system.
5. Based on the results of the evaluation above, the Company considers that its internal control system (including the supervision and management of subsidiaries) on 31 December 2023 may reasonably ensure the achievement of the abovementioned objectives, including the validity of the design and implementation of the internal control system related to the achievement level of understanding the effects and efficiency of operations, the

reliability, timeliness, transparency, and compliance with relevant specifications and relevant laws, regulations, and rules.

6. The Statement will form a major part of the Company's annual report and prospectus and be disclosed to the public. If there is any falsification, concealment, or illegal circumstances regarding the content disclosed above, the Company will be involved in the legal responsibilities stated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Statement was approved at the Board meeting of the Company on 11 March 2024. Among eight attending Directors, 0 of them held opposing opinions, and the remaining Directors all agreed with the content of the Statement; therefore, the declaration is hereby made.

TongHwa Corporation

Chairma: Lin Chuang-Ru

President: Lin Zhuang Ye

(II) Audit report when engaging CPAs to carry out a project audit on the internal control system: Not applicable.

12. Punishment of the Company and its internal personnel according to the law, punishment by the company for violations of internal control system regulations by internal personnel, the content of the punishment, the main deficiencies, and improvement measures:

The company been punished by law: None. Internal personnel of the company been punished by law: None. The company taken measures against internal personnel for violating the internal control system regulations: None.

13. Important resolutions of the shareholders' meeting and the board of directors:

(1) Shareholders' meeting: None.

(2) Board of directors: ：

5th meeting of the 19th Board of Directors on 8 May 2023 The Company's Assets activation case.

The urban renewal project of the whole industrial area of the Hsinchu Plant in the 8th meeting of the 19th term on 23 January 2024.

14. The directors and supervisors who have different opinions on important resolutions passed by the board of directors and have records or written statements, and their main content: None.

15. Resignation and removal of relevant personnel of the company are as following:

Title	Name	Date of Appointment	Date of Resignation or Dismissal	Reason for Resignation or Dismissal

Chairman of the Board	Lin He-Hui	1996.06.25	2023.03.23.	Personal reasons for resignation.
General Manager	Lin Zhuang-Ru	2007.08.28	2023.03.23.	Internal job reassignment
Corporate Governance Officer	Lin He-Hui	112.5.8	112.11.6	Internal position adjustment

Note: Company officials referred to here include the Chairman of the Board, General Manager, Chief Accountant, Chief Financial Officer, Internal Audit Manager, Corporate Governance Manager, and Research and Development Manager, among others.

IV. Information on CPA fees

1. Company Auditor Information:

Amount unit: NTD thousand dollars

Name of Accounting Firm	Name of Auditor	Auditor Audit Period	Audit Fees	Non-audit Fees	Total Fees	Note
Cheng Feng Certified Public Accountants	Peng Li-Chen	2023/01/01~ 2023/12/31	1,800	45	1,845	
Cheng Feng Certified Public Accountants	Wu Hsin-Liang	2023/01/01~ 2023/12/31				

Note: Non-audit fee content: Salary check and trademark registration.

2. If there is a change in the accounting firm and the audit fee paid for thecurrent year is lower than the previous year, the amount of the audit fee before and after the change and the reasons for the change should be disclosed: N/A.

3. If the audit fee decreases by more than 10% compared to the previous year, the amount, percentage, and reasons for the decrease in the audit fee should be disclosed: N/A.

V. Information on replacement of CPAs

1. Regarding the former accountant

<table>
<tr><td>Date of replacement</td><td colspan="3">April 1, 2021</td></tr>
<tr><td>Reasons for replacement</td><td colspan="3">Due to considerations of the company's future business development and internal management needs, the accountant terminated the appointment</td></tr>
<tr><td rowspan="3">Explanation of whether the appointing party or the accountant terminated or did not accept the appointment</td><td>Party involved
Situation</td><td>Accountant</td><td>Appointing party</td></tr>
<tr><td>voluntarily terminated the appointment</td><td></td><td>✓</td></tr>
<tr><td>No longer accepting (continuing) appointment</td><td></td><td></td></tr>
<tr><td>Audit opinions and reasons for audit reports issued within the last two years, except for unqualified opinions</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Whether there are any dissenting opinions with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial reports</td></tr>
<tr><td></td><td>Scope or steps of the audit</td></tr>
<tr><td></td><td>Other</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Explanation: not applicable</td></tr>
<tr><td>Other disclosure items</td><td colspan="3">None</td></tr>
</table>

(items 4 to 7 of the first subparagraph of paragraph 6 of Article 10 of this standard should be disclosed)	

2. Company Successor Auditor Information

Name of Accounting Firm	Chung-Hsing & Partners, CPAs
Name of Auditor	Peng Li-Chen and Wu Hsin-Liang
Date of Appointment	April 1, 2021
Consultation items and results on the accounting treatment or accounting principles for specific transactions or matters that may affect the opinions to be issued on the financial statements before the appointment, as well as the results of such consultations	None
Written opinions of the successor auditor on the matters in which the predecessor auditor disagreed, as specified in subparagraphs 1 and 2, paragraph 6 of Article 10 of this Standards	None

3. Written reply from the predecessor auditor to the items specified in subparagraphs 1 and 2, paragraph 6 of Article 10 of this Standards: None.

VI. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the CPA's firm of its CPAs or at an affiliate of the CPA's firm in the most recent year: None.

VII. Transfer of equity and changes in equity pledges of Directors, supervisors, managers, and major shareholders:

Title	Name	2023		As of April 30th of the current year		
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	
Chairman	Lin Chuang-Ru	0	0	0	0	
Director and General Manager	Lin Chuang-Ye	0	0	0	0	
Director	CHUNG LING CO., LTD.	59,850	0	8,000	0	(Juridical Person)
	Representative: Lin He-Hui	0	0	0	0	
Director and Deputy General Manager	Jiang Zhi-Heng	0	0	9,040	0	
Director	NINGHAN DEVELOPMENT CO., LTD.	0	0	0	0	(Juridical Person)
	Representative: Huang You-Qing	0	0	0	0	
Director (Note 1)	Peng Chi-Hsian	0	0	0	0	
Independent Director	Li Zong-Ru	0	0	0	0	
Independent Director	Qiu Zheng-Yi	0	0	0	0	
Independent Director	Chen Wei-Tai	0	0	0	0	
Major Shareholder	CHUNG LING CO., LTD.	59,850	0	8,000	0	
Deputy General Manager (Note 2)	Hu Qing-Cai	0	0	0	0	
Finance Department Assistant Manager	Yeh Yan-Ling	0	0	0	0	

Title	Name	2023		As of April 30th of the current year	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Materials Department Assistant Manager	Chao Ru-Yun	0	0	0	0

Note 1: Director Peng Ji-xian resigned as a director on April 24, 2023..

Note 2: Vice President Hu Qing-cai was removed from office on March 23, 2023.

Note 3: The company elected a new board of directors on June 27, 2022, and established an audit committee to replace the supervisors.

Share transfer information: None.
Share pledge information: None.

VIII. Information relationship between shareholders with the top ten shareholdings

Name	Ownership of Shares		Spouse, minor children holding shares		Holding shares in other people's names		The names or relationships of relatives within spouse or within the second degree of kinship among the top ten shareholders who have relationships with each other		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
CHUNG LING CO., LTD.	20,917,364	36.80	0	0	0	0	None	None	
Chairman: Li Li	361,230	0.64	519,835	0.91	0	0	Lin Mei-Qin	sister-in-law	
NINGHAN DEVELOPMENT CO., LTD.	3,890,445	6.85	0	0	0	0	Same Chairman as RunAn Financial Limited		
Chairman: Sun Jing-Yuan	0	0	0	0	0	0			
TongYe Investment CO., LTD.	2,522,865	4.44	0	0	0	0	None	None	
Chairman: Lin Mei-Qin	570,390	1.00	208,402	0.37	0	0	Li Li	sister-in-law	
Chen Chang Yue-Eng	1,487,450	2.62	0	0	0	0	None	None	
Peng Chi-Hsian	1,407,000	2.48	0	0	0	0	None	None	
Lin Tian-You	973,770	1.71	0	0	0	0	None	None	
RunAn Financial Limited	929,390	1.64	0	0	0	0	Same Chairman as NINGHAN DEVELOPMENT CO., LTD.		
Chairman: Sun Jing-Yuan	0	0	0	0	0	0			
Li Li-MIn	899,000	1.58	0	0	0	0	None	None	
Tseng Song-Tse	824,060	1.45	0	0	0	0	None	None	

Name	Ownership of Shares		Spouse, minor children holding shares		Holding shares in other people's names		The names or relationships of relatives within spouse or within the second degree of kinship among the top ten shareholders who have relationships with each other		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relationship	
Lin Zao-Nan	684,040	1.20	0	0	0	0	None	None	

IX. Consolidated shareholding

Comprehensive ownership percentage

December 31, 2023 Unit: shares;%

Investment in carbon and energy technology company limited (Note)	Investment made by the company		Investment made by directors, executives and businesses under direct or indirect control		Comprehensive investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
CETECH CO., LTD.	3,000,000		1,700,000	7.05		

Note: long-term investment accounted for by the equity method by the company.

Four. Fund Raising Status

I. Capital and share

1. Capital Stock Sources

Unit: Shares/New Taiwan Dollar

Year/ Month	Issue Price (NTD)	Authorized Capital Stock		Paid-In Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Capital Stock Sources	Non-cash Property Contributed to Capital	Others
1990.10	10	184,479,484	1,844,794,840	184,479,848	1,844,794,840	Earned surplus for capital increase of NT$ 119,570,040 Capital surplus for capital increase of NT$ 17,081,440	None	None
1991.09	10	199,237,843	1,992,378,430	199,237,843	1,992,378,430	Earned surplus for capital increase of NT$ 129,135,640 Capital surplus for capital increase of NT$ 18,447,950	None	None
1992.09	10	209,199,736	2,091,997,360	209,199,736	2,091,997,360	Earned surplus for capital increase of NT$ 99,618,930	None	None
1993.09	10	219,659,723	2,196,597,230	219,659,723	2,196,597,230	Earned surplus for capital increase of NT$ 104,599,870	None	None
1994.10	10	241,625,696	2,416,256,960	241,625,696	2,416,256,960	Earned surplus for capital increase of NT$ 219,659,730	None	None
1995.08	10	251,290,724	2,512,907,240	251,290,724	2,512,907,240	Earned surplus for capital increase of NT$ 96,650,280	None	None
1996.08	10	263,855,261	2,638,552,610	263,855,261	2,638,552,610	Earned surplus for capital increase of NT$ 125,645,370	None	None
2008.11	10	263,855,261	2,638,552,610	131,927,630	1,319,276,300	Capital reduction (50%) of NT$ 1,319,276,310	None	None
2017.11	10	263,855,261	2,638,552,610	46,834,309	468,343,090	Capital reduction	None	None

						(64.5%) of NT$ 850,933,210		
2017.12	**10**	**263,855,261**	**2,638,552,610**	**51,834,309**	**518,343,090**	Private placement cash increase for the 1st time in 2017 of NT$ 50,000,000	None	None
2018.01	**10**	**263,855,261**	**2,638,552,610**	**56,834,309**	**568,343,090**	Private placement cash increase for the 2nd time in 2017 of NT$ 50,000,000	None	None

Note 1: The company did not have any capital increase from 1997 to 2007.

Note 2: The capital increase case of the fiscal year 1990 was approved by the Securities and Futures Commission's letter no. 02049 issued on August 22, 1990.

The capital increase case of the fiscal year 1991 was approved by the Securities and Futures Commission's letter no. 01672 issued on July 23, 1991.

The capital increase case of the fiscal year 1992 was approved by the Securities and Futures Commission's letter no. 01768 issued on July 24, 1992.

The capital increase case of the fiscal year 1993 was approved by the Securities and Futures Commission's letter no. 30645 issued on July 21, 1993.

The capital increase case of the fiscal year 1994 was approved by the Securities and Futures Commission's letter no. 32304 issued on July 20, 1994.

The capital increase case of the fiscal year 1995 was approved by the Securities and Futures Commission's letter no. 37402 issued on June 30, 1995.

The capital increase case of the fiscal year 1996 was approved by the Securities and Futures Commission's letter no. 39827 issued on July 1, 1996.

The capital reduction case of the fiscal year 2008 was approved by the letter no. 0970039650 issued by the Financial Supervisory Commission on August 13, 2008.

The capital reduction case of the fiscal year 2017 was approved by the letter no. 1060036111 issued by the Financial Supervisory Commission on September 22, 2017.

The first private placement cash capital increase case of the fiscal year 2017 was approved by the letter no. 10601174160 issued by the Ministry of Economic Affairs on December 27, 2017.

The second private placement cash capital increase case of the fiscal year 2018 was approved by the letter no. 10701003350 issued by the Ministry of Economic Affairs on January 15, 2018.

2. Types of issued shares:

Unit: shares

Type of share	Approved capital			Note
	Outstanding shares	Unissued shares	Total	
Registered common shares	46,834,309 (listed shares) 10,000,000 (private placement shares)	207,020,952	263,855,261	1. 50% reduction on November 6th, 2008

				2. 64.5% reduction on November 24th, 2017

Information related to the comprehensive declaration system: None.

3. Shareholder structure

Classification of funding sources	Number of shareholders	Number of shares held	Percentage of shareholding %
Investment by government (public) institutions	0	0	0.00
Investment by domestic financial institutions	6	143,087	0.25
Domestic securities investment	6	1,025	0.00
Domestic corporate investment	156	30,204,781	53.15
Domestic other corporate and group investment	5	551,813	0.97
Foreign financial institution investment	0	0	0
Foreign corporate investment	0	0	0
Foreign securities investment and trust investment	10	294,866	0.52
Domestic individual investment	29,451	25,313,711	44.54
Foreign individual investment	19	325,026	0.57
Total	29,653	56,834,309	100.00

Note: This company is not the first listed company.

4. Shareholding Structure (NTD 10 par value per share)

Shareholding Classification	Number of Shareholders	Number of Shares Held	Percentage of Shares Held
1-------999	28,521	1,172,951	2.06
1,000-----5,000	742	1,497,595	2.64
5,001----10,000	124	930,940	1.64
10,001----15,000	61	746,552	1.31
15,001----20,000	31	562,112	0.99
20,001----30,000	34	849,587	1.49
30,001----40,000	26	913,546	1.61
40,001----50,000	12	533,047	0.94
50,001---100,000	40	2,726,911	4.80
100,001---200,000	29	3,937,197	6.93
200,001---400,000	16	4,585,499	8.07
400,001---600,000	6	3,239,458	5.70
600,001---800,000	2	1,287,570	2.27
800,001-1,000,000	4	3,626,220	6.38
Over 1,000,001	5	30,225,124	53.18
Total	29,653	56,834,309	100.00

Special Shares Ownership Structure: None.

5. Major Shareholders List: Please refer to page 65-66.

6. Recent two-year data on stock price per share, net asset value, earnings, dividends, and related information

Item			2023	2022	For the year ended April 30th
Market price per share	Highest		25.05	20.50	35.90
	Lowest		13.40	11.60	19.95
	Average		18.95	15.68	31.24
Net asset value per share	Before distribution		23.41	22.64	22.77
	After distribution		23.41	22.64	-
Earnings per share	Weighted average number of shares		54,305,965	54,301,444	54,311,444
	Earnings per share		0.74	0.40	(0.65)
Dividends per share	Cash dividends per share		-	-	-
	Stock dividends without consideration per share	Stock dividends with consideration per share	-	-	-
		Capital surplus stock dividends per share	-	-	-
	Accumulated unpaid dividends		-	-	-
Investment return analysis	Price-earnings ratio		-	-	-
	Earnings per share ratio		-	-	-
	Dividend yield		-	-	-

Note: 1. The weighted average number of shares should consider the number of shares repurchased as treasury stocks in accordance with International Accounting Standard No. 33.
2. Earnings per share are calculated based on the weighted average number of shares.

7. Company dividend policy and implementation status

(1) Dividend policy

Based on the overall environment and characteristics of industry development, our company adopts a fixed and residual dividend policy to achieve sustainable operation, continuous growth, and long-term financial planning. If the company has profits in the annual settlement, it shall first pay taxes, make up for accumulated losses, set aside 10% as the legal reserve, and allocate the remaining profits to be proposed by the board of directors and approved by the shareholders' meeting. When distributing dividends to shareholders, the cash dividends shall be maintained between 30% and 70%, but can be adjusted according to changes in internal and external operating environment.

(2) Proposed dividend distribution for this shareholders' meeting: None.

(3) Expected significant changes in dividend policy: None

8. Impact of proposed free stock distribution on company performance and earnings per share: None

9. Remuneration for employees, directors, and supervisors

(1) Percentage or range specified in the company's articles of association

Employee remuneration: not less than 1% of the profit distribution.

Director and supervisor remuneration: not more than 5% of the profit distribution.

(2) The accounting treatment for differences between the estimated amount and the actual amount of employee, director, and supervisor remuneration based on the estimated amount, the number of shares issued for employee stock compensation, and the actual distribution amount: None.

(3) The situation where the board of directors approves the distribution of remuneration: None

(4) Actual distribution of employee, director, and supervisor remuneration in the previous year (including the number of shares issued, amount, and share price) and any differences from recognized employee, director, and supervisor remuneration, as well as the reasons for and handling of such differences: None

10. Company share repurchase status: None.

II. Corporate bonds, preferred shares, global depository receipts, employee stock options, restricted stock awards, mergers or receipt of new shares issued by other companies, and implementation of capital utilization plans: None.

Five. Business Overview

I. Scope of business: Production and sales of polyacrylonitrile fiber (acrylic cotton).

1. Business scope:

Acrylic cotton is the company's main product, a synthetic fiber with excellent insulation properties. The demand for acrylic cotton is concentrated in mainland China, which accounts for approximately 50% of global demand. The company still faces many difficulties and challenges in its operations. One is the lack of a domestic market. The textile industry chain in Taiwan, from raw cotton (fibers) to yarn, fabric or clothing, is mainly for export. Most downstream yarn factories have moved to mainland China and ASEAN. Secondly, rising mainland Chinese competitors have taken over most of the domestic market in China and are gradually increasing their exports, competing with Taiwan in the international market.

In recent years, the market demand for the application and quality of acrylic cotton has been constantly increasing. In response to the market demand, the company has continuously invested in research and development and launched various special varieties, which have been well received by customers. Anti-pilling, super fine denier short fibers, silk bundles, and flat fibers have become the main sales varieties.

2. Industry overview:

Synthetic fibres mainly include polyester fibre, nylon fibre, polypropylene fibre, acrylic fibre and elastic fibre. The global output of synthetic fibres is about 72,200,000 tonnes, accounting for 64% of the global output of fibres. Among them, polyester fibre is the largest, and the global production of polyester weaving and maintenance is about 60,500,000 tonnes, accounting for 54% of the global fibre production; This was followed by nylon fibres 5,900,000 tonnes, accounting for 5% of the global fibre output, and polypropylene fibres 3,000,000 tonnes, accounting for 2.7% of the global fibre output, acrylic fibre 1,700,000 tonnes, accounting for 1.5%, and elastic fibres 1,200,000 tonnes, accounting for 1%.

The application of synthetic fibers globally, clothing and apparel account for 51% of the industry's development focus. Home decor fabrics (including blankets and carpets) account for 25%, industrial applications and non-woven fabrics account for 12% respectively. Acrylic cotton is mainly used in wool spinning, accounting for 44%, special fibers account for 28%, cotton spinning accounts for 17%, and semi-worsted spinning accounts for 11%. The production and supply of acrylic cotton and its demand are mainly in mainland China. In recent years, due to the impact of nylon, polyester-cotton and other fibers and fabrics, the demand for acrylic cotton in mainland China has slowed down, and the product output has been declining year by year.

3. Overview of Technology and R&D

(1) Research and Development Expenditure:

NTD 0 dollar.

(2)Achievements: None (R&D was suspended due to the decision to stop production made by the board of directors on April 1, 2021)

4. Long and Short-term Business Development Plan:

(1) China is still the largest market for acrylic fiber, with demand dropping to 600,000 tons in 2023.

Our company has been cultivating the Chinese market for acrylic fiber for many years with good sales performance. However, the import volume in the Chinese market has shown negative growth, while the export volume has increased. Therefore, the short-term business development plan is to diversify the market and develop markets such as Japan, South Korea, ASEAN, the Middle East, and India. At the same time, in response to the characteristics and evolution of the acrylic fiber market, our company is committed to strengthening the supply chain, establishing strategic partnerships with raw material suppliers, ensuring stable supply and cost reduction. We also strengthen cooperation with downstream spinning mills to integrate the product chain. In management, we simplify the process of purchasing raw materials and selling cotton, strengthen sales and technical services, improve equipment stability and product quality, reduce production costs, and enhance competitiveness.

(2) In early 2021, the global outbreak of COVID-19 caused comprehensive interruptions in global freight transportation and business dealings, leading to customers lowering their production rates due to the impact of the epidemic, resulting in stagnant demand for acrylic fiber market. On April 1, 2022, the board of directors approved the cessation of acrylic cotton production, which was submitted to the shareholders' meeting for approval. Our company adjusted its business strategy and planned to carry out a transformation project for asset activation.

(3) Will continue to promote the transformation project for asset activation in 2023.

(4) 2023 Promote the Company's diversified business development.

II. Market, production and sales overview

1. Market Analysis

(1) Review of the Acrylic Cotton Market in 2023:

In 2023, the annual demand for acrylic cotton in mainland China was about 600,000 tons, zero growth. compared to 111th year. The demand for acrylic cotton in mainland China is:

Year	2021	2022	2023
China Mainland Demand	570,000 tons	600,000 tons	600,000 tons
Annual Growth Rate	+1.8%	+5.2%	0%

The estimated future demand growth rate is about -1~1%. Compared with the average annual demand growth rate of synthetic fibers of +3.0%, acrylic cotton and other category fibers such as cotton, polyester cotton, nylon silk, etc., have lower growth in the future.

(2) Acrylic cotton new production capacity: None.

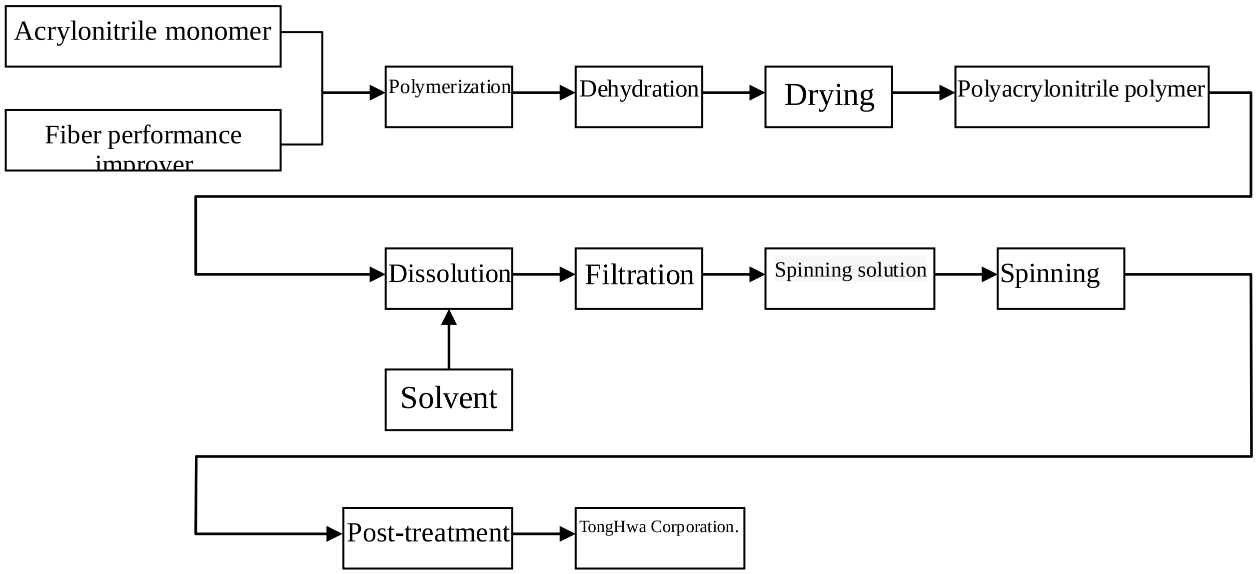
2. Important uses and production process of the main product:

(1) Important uses

The main use of acrylic cotton is for a wide range of products such as sweaters, velvet fabrics, blankets, carpets, hand-hooked yarns, sofa fabrics, socks, toys, indoor decorations, etc. In recent years, special fibers developed have been widely used in animal fur imitation. Acrylic cotton and its processed final products are mainly exported, with the main market being mainland China. Our company is a factory that sells and produces 100% raw cotton.

(2) Manufacturing Process

Production process of polyacrylonitrile fiber



3. Main Raw Material Supply Status

January 1, 2023 ~ April 30, 2023

Unit: NTD (thousands)

Raw material type	Unit	Quantity	Amount	Main supplier
Acrylic Fibre	Metric ton	103	6,419	JILIN JIMONT ACRYLIC FIBER CO., LTD.
Acrylic Fibre	Metric ton	51	3,341	JILIN QIFENG CHEMICAL FIBER CO., LTD.

January 1, 2024 ~ April 30, 2024

Unit: NTD (thousands)

Raw material type	Unit	Quantity	Amount	Main supplier
Acrylic Fibre	Metric ton	38	2,178	JILIN CHEMICAL FIBER GROUP I/E CO., LTD.
Acrylic Fibre	Metric ton	21	1,461	DSA TEXTILE ENTERPRISES LTD.

4. Main Sales Customers and Supplier Information

(1) Main Sales Customer Information:

Unit: NTD (thousands)

	2022				2023				As of the end of the previous quarter of the year			
Item	Name	Amount	Percentage of Net Sales for the Year [%]	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Year [%]	Relationship with the Issuer	Name	Amount	Percentage of Net Sales as of the end of the previous quarter of the year [%]	Relationship with the Issuer
1	ORIENTAL	4,958	24	None	ORIENTAL	5,038	25	None	DAYOK	1,308	34	None
2	LILONTEX	3,759	18	None	DAYOK	4,417	22	None	LILONTEX	1,099	29	None
3	OSK	2,296	11	None	Chia Her.	3,607	18	None	Chia Her.	656	17	None
4	SU-CHUN	2,164	10	None	LILONTEX	2,916	14	None	SU-CHUN	406	11	None
5	Chia Her.	2,108	10	None	SU-CHUN	2,268	11	None	Others	344	9	None
	Others	5,353	27		Others	2,154	10					
	Net Sales	20,638	100		Net Sales	20,400	100		Net Sales	3,813	100	

Note: Reasons for increase or decrease: Maintain the business model of supplying domestic sales with imported acrylic fibre.

(2) Main supplier information:

Unit: NTD (thousands)

	2022				2023				As of the end of the previous quarter of the year			
Item	Name	Amount	Percentage of Net Sales for the Year [%]	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Year [%]	Relationship with the Issuer	Name	Amount	Percentage of total annual net purchase amount [%]	Relationship with the Issuer
1	JILIN JIMONT	8,471	72	None	JILIN JIMONT	6,419	63	None	JILIN JIMONT	1,728	52	None
2	JILIN QIFENG	2,824	24	None	JILIN QIFENG	3,341	33	None	JILIN QIFENG	1,461	44	None
	Others	514	4		Others	468	4		Others	163	4	

	Net Sales	11,809	100		Net Sales	10,228	100		Net Sales	3,352	100	

Note: Reasons for increase or decrease: To flexibly adjust suppliers according to customer needs.

5. Sales volume in the last two years

(Unit: Metric Tons / New Taiwan Dollar (thousands))

Year / Production Volume / Main Products	2023			2022		
	Production Capacity	Output	Production Value	production Capacity	Output	Production Value
Polyacrylonitrile Fiber	1	108	12,835	1	117	10,657

6. Sales volume in the last two years

(Unit: Metric Tons / New Taiwan Dollar (thousands))

Year / Production Volume / Main Products	2023				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Output	Production Value	Output	Production Value	Output	Production Value	Output	Production Value
Polyacrylonitrile Fiber	222	15,361	274	5,038	203	15,681	139	4,958

III. Employees

Year	Number of Employees	Average Length of Service (years)	Average Age (years)	Educational Attainment Distribution
2022	44 people	17	53	Bachelor's degree or above: 70% High school/vocational school: 23% Junior high/elementary school: 7%
2023	36 people	18	52	Bachelor's degree or above: 81% High school/vocational school: 19% Junior high/elementary school: 0%

January, 2024~ April, 2024	36 people	18	52	Bachelor's degree or above: 81% High school/vocational school: 19% Junior high/elementary school: 0%

IV. Information on environmental protection expenditures

1. The total amount of losses and penalties incurred in the last two years and up to the date of printing due to environmental pollution:

Unit: New Taiwan Dollar (thousands)

Item / Year	Pollution condition	Compensation recipient or punitive unit	Compensation amount
January to April of 2024	None	None	0
2023	None	None	0
2022	None	None	0

2. Response and Improvement Measures

(1) The board of directors of this company approved the cessation of production of the acrylic cotton production line on April 1, 2021. The company will continue to cooperate with the implementation of various environmental protection policies by the government, and actively manage the relevant production facilities, recycle resources, and enhance the effectiveness and stability of pollution prevention measures.

(2) The operating site belonging to this company has ceased production, and the related boiler steam and power co-generation process, acrylic resin manufacturing process, and public hazardous storage facilities have been successively deregulated in accordance with relevant laws and regulations.

3. Results of Environmental Protection Inspection

(1) Violations of environmental regulations: None.

(2) Date of punishment: None.

(3) Punishment number: None.

(4) Violated regulations: None.

(5) Content of violation: None.

(6) Punishment content: None.

V. Labor-capital relations

1. Current important labor-management agreements and their implementation

(1) Employee Benefits:

A. The company established the Employee Welfare Committee on March 9, 1972, which is responsible for the welfare of all employees in the company. Daily activities include birthday celebrations, holiday gifts, raffles, subsidies for children's education, subsidies for weddings and funerals, hospitalization condolences, childbirth subsidies, various ball games, and other social activities. The Employee Welfare Committee is organized by representatives of employees who exercise management rights and representatives elected by the labor union, and meets regularly to discuss matters related to activities and supervise the collection and expenditure of funds.

B. All employees of the company are covered by labor insurance, and employees, their spouses, children, and parents are also included in the national health insurance.

(2) Retirement system:

Our company has established an employee retirement plan in accordance with the "Labor Pension Act." It is a government-managed defined contribution retirement plan where 6% of the employee's monthly salary is allocated as retirement funds to the individual account managed by the Labor Insurance Bureau. The recognized expenses related to the defined contribution plan for retirement benefits for the years 112 and January 1 to December 31, 111, amounted to NT$1,326 million and NT$1,402 million, respectively.

In addition, our company has a retirement pension system implemented in accordance with the "Labor Standards Act" of our country. The payment of employee retirement pensions is calculated based on years of service and the average salary for the six months preceding the approved retirement date. Our company allocates 15% of the total monthly salary of employees as retirement funds. However, starting from December of the 109th year, the allocation rate was adjusted to 5% of the total monthly salary, and the funds are deposited in an account with the Taiwan Bank under the name of the Labor Retirement Reserve Supervisory Committee.

(3) Agreement between labor and management:

The company established a labor-management conference on December 27, 1991, and holds regular meetings to negotiate and communicate opinions.

2. Since its establishment, the company has attached great importance to the welfare, health, and on-the-job education of its employees, and regards employees as the most important assets of the company. Therefore, when planning and implementing various welfare measures and personnel systems, employees are always given top priority. As a result, labor-management relations have been harmonious over the years, and there have been no labor disputes in the last three years.

3. Losses suffered due to labor disputes in the most recent fiscal year and up to the date of printing: None.

VI. Cybersecurity safety management

1. The company's main ERP system, including the host server, database, and network equipment, is stored in the computer room and only accessible by information personnel. Information security management is mainly implemented in the following three parts:

(1) Maintenance of host and network equipment:

Every month, the computer company conducts inspections to check for threats such as viruses and ransomware on the host, whether there are significant updates that need to be executed, abnormal accounts, and storage space conditions. The results are recorded in a table.

(2) Database backup and restore:

The ERP system database is automatically backed up daily and reports any failures and records them. The backup files are synchronized to the NAS backup device to achieve secondary (or off-site) backup. Regular restoration tests are also conducted to ensure that data (or hosts) can be rebuilt in a short time in case of damage.

(3) ERP system authority level and security measures:

Various job account passwords are used in the system. In the event of personnel or job changes, an application form must be filled out to reapply for functional permissions. For former employees, their account is closed during the departure procedure. Passwords must comply with the system's password strength settings and are set by the user. If the password is entered incorrectly three times, the account will be locked and cannot be logged in. At this point, the supervisor should be notified and IT personnel can unlock the account.

2. In the recent year and up to the date of printing of the annual report, there have been no losses or potential impacts caused by significant information and communication security incidents, nor any corresponding measures taken: None.

VII. Material contracts:

Contract Nature	Parties	Contract start and end dates	Main Content	Restrictions
Solvent classroom tank and Demolition and sales of pipelines and electrical equipment	Shih Cheng Enterprise Co., Ltd.	Effective from March 10th, 2023	Solvent classroom tank and Pipeline, instrument and electrical equipment Demolition for sale	60 working days after contracting and payment

Solvent Section Ⅰ and Ⅱ Equipment idle Demolition for sale	Shih Cheng Enterprise Co., Ltd.	Effective from October 2th, 2023	Solvent Section Ⅰ and Ⅱ Equipment idle Demolition for sale	60 working days after contracting and payment
Polymerization/spinning Equipment dismantling and disposal	TAIPEI TUNG-LI CO., LTD.	Effective from June 28th, 2023	Polymerization/spinning Demolition and sale of silk equipment	120 working days after contracting and payment
Raw liquid/spinning/cotton production Utility equipment Demolition for sale	Hannstar Technology Engineering Corp.	Effective from February 1th, 2024	Raw liquid/spinning/cotton production Utility equipment Demolition for sale	90 working days after contracting and payment

Six. Financial Overview

I. Condensed balance sheet, income statement, names and opinions of CPAs for the most recent five years

1. Simplified Consolidated Balance Sheet

Unit: New Taiwan Dollar (thousands)

Item \ Year		Financial Data of the Past Five Years					As of March 31 of the current year (2024)
		2023	2022	2021	2020	2019	
Current Assets		837,990	467,630	378,103	177,008	416,111	920,219
Property, Plant, and Equipment		686,167	637,176	633,725	872,229	902,555	685,526
Intangible Assets		-	-	-	-	-	-
Other Assets		2,953,932	2,781,707	2,544,072	1,183,749	1,137,357	2,956,460
Total Assets		4,478,089	3,886,513	3,555,900	2,232,986	2,456,023	4,562,205
Current Liabilities	Before Appropriation	2,719,656	2,068,414	15,259	121,582	291,753	2,839,293
	After Appropriation	2,719,656	2,068,414	15,259	121,582	291,753	2,839,293
Non-Current Liabilities		486,882	588,568	2,332,996	1,704,013	1,529,002	486,415
Total Liabilities	Before Appropriation	3,206,538	2,656,982	2,348,255	1,825,595	1,820,755	3,325,708
	After Appropriation	3,206,538	2,656,982	2,348,255	1,825,595	1,820,755	3,325,708
Equity Attributable to Parent Company Owners' Equity		1,271,541	1,229,535	1,207,642	407,393	635,248	1,236,489
Capital Stock		568,343	568,343	568,343	568,343	568,343	568,343
Capital Surplus		8,008	8,006	8,006	8,005	8,005	8,008
Retained Earnings	Before Appropriation	(775,854)	(818,023)	(844,123)	(675,660)	(448,864)	(810,946)
	After Appropriation	(775,854)	(818,023)	(844,123)	(675,660)	(448,864)	(810,946)
Other Equity		1,551,377	1,551,860	1,556,067	587,674	588,733	1,551,417
Treasury Stock		(80,333)	(80,651)	(80,651)	(80,969)	(80,969)	(80,333)
Non-Controlling Interests		10	(4)	3	(2)	20	8
Total Equity	Before Appropriation	1,271,551	1,229,531	1,207,645	407,391	635,268	1,236,497
	After Appropriation	1,271,551	1,229,531	1,207,645	407,391	635,268	1,236,497

Note: The profit and loss appropriation plan for the fiscal year 2023 has been approved by the board of directors on March 11, 2024.

2. Brief individual balance sheet

Unit: New Taiwan Dollar (thousands)

Item		Financial Data of the Past Five Years				
		2023	2022	2021	2020	2019
Current Assets		372,069	467,598	377,996	176,995	415,882
Property, Plant, and Equipment		686,167	637,176	633,725	872,229	902,555
Intangible Assets		-	-	-	-	-
Other Assets		3,419,722	2,781,707	2,544,106	1,183,749	1,137,536
Total Assets		4,477,958	3,886,481	3,555,827	2,232,973	2,455,973
Current Liabilities	Before Appropriation	2,719,531	2,068,344	15,189	121,561	291,723
	After Appropriation	2,719,531	2,068,344	15,189	121,561	291,723
Non-Current Liabilities		486,886	588,602	2,332,996	1,704,019	1,529,002
Total Liabilities	Before Appropriation	3,206,417	2,656,946	2,348,185	1,825,580	1,820,725
	After Appropriation	3,206,417	2,656,946	2,348,185	1,825,580	1,820,725
Total Equity		1,271,541	1,229,535	1,207,642	407,393	635,248
Capital Stock		568,343	568,343	568,343	568,343	568,343
Capital Surplus		8,008	8,006	8,006	8,005	8,005
Retained Earnings	Before Appropriation	(775,854)	(818,023)	(844,123)	(675,660)	(448,864)
	After Appropriation	(775,854)	(818,023)	(844,123)	(675,660)	(448,864)
Other Equity		1,551,377	1,551,860	1,556,067	587,674	588,733
Treasury Stock		(80,333)	(80,651)	(80,651)	(80,969)	(80,969)
Total Equity	Before Appropriation	1,271,541	1,229,535	1,207,642	407,393	635,248
	After Appropriation	1,271,541	1,229,535	1,207,642	407,393	635,248

Note: The profit and loss appropriation plan for the fiscal year 2023 has been approved by the board of directors on March 11, 2024.

3. Condensed Consolidated Statement of Comprehensive Income

Unit: New Taiwan Dollar (thousands)

Year / Item	Financial Data of the Past Five Years					As of March 31 of the current year (2024)
	2023	2022	2021	2020	2019	
Operating Revenue	20,587	20,754	39,297	100,142	211,540	3,862
Gross Profit from Operations	3,913	(7,165)	(118,028)	(185,554)	(121,235)	203
Operating Profit	(74,575)	(80,110)	(245,660)	(273,258)	(192,441)	(18,479)
Non-Operating Income and Expenses	114,722	101,275	86,008	51,976	(21,698)	(16,615)
Income before Tax	40,147	21,165	(159,652)	(221,282)	(214,139)	(35,094)
Continuing Operations Net Profit for the Period	39,974	21,810	(168,560)	(228,235)	(214,094)	(35,094)
Loss from Discontinued Operations	0	0	0	0	0	0
Net Profit (Loss) for the Period	39,974	21,810	(168,560)	(228,235)	(214,094)	(35,094)
Other Comprehensive Income for the Period (After Tax)	1,833	76	968,694	358	179	40
Total Comprehensive Income for the Period	41,807	21,886	800,134	(227,877)	(213,915)	(35,054)
Net income attributable to the parent company owner	39,891	21,817	(168,553)	(228,213)	(214,073)	(35,092)
Net income attributable to non-controlling interests	(7)	(7)	(7)	(22)	(21)	(2)
Total comprehensive income attributable to the parent company owner	41,814	21,893	800,141	(227,855)	(213,894)	(35,052)

Total comprehensive income attributable to non-controlling interests	(7)	(7)	(7)	(22)	(21)	(2)
Earnings per Share	0.74	0.40	(3.10)	(4.20)	(3.94)	(0.65)

4. Condensed Individual Statement of Comprehensive Income

Unit: New Taiwan Dollar (thousands)

Year / Item	Financial Data of the Past Five Years (Note 1)				
	2023	2022	2021	2020	2019
Operating Revenue	20,587	20,754	39,297	100,142	211,540
Gross Profit from Operations	3,913	(7,165)	(118,028)	(185,554)	(121,235)
Operating Profit	(74,063)	(80,035)	(245,586)	(273,051)	(192,227)
Non-Operating Income and Expenses	114,036	101,207	85,941	51,791	(21,891)
Income before Tax	39,973	21,172	(159,645)	(221,260)	(214,118)
Continuing Operations Net Profit for the Period	39,981	21,817	(168,553)	(228,213)	(214,073)
Loss from Discontinued Operations	0	0	0	0	0
Net Profit (Loss) for the Period	39,981	21,817	(168,553)	(228,213)	(214,073)
Other Comprehensive Income for the Period (After Tax)	1,833	76	968,694	358	179
Total Comprehensive Income for the Period	41,814	21,893	800,141	(227,855)	(213,894)
Earnings per Share	0.74	0.40	(3.10)	(4.20)	(3.94)

Note 1: The financial data for the above years have all been verified by the accountant.

Note 2: Amount of capitalized interest:

Unit: New Taiwan Dollar (thousands)

	2023	2022	2021	2020	2019
Amount	0	0	0	353	127

5. Name of the auditors who signed the audit reports for the past five years:

(1) 2019: Huang Hai-yue and Chen Zhao-mei, Certified Public Accountants (CPAs)

(2) 2020: Huang Hai-yue and Chen Zhao-mei, Certified Public Accountants (CPAs)

(3) 2021: Wu Hsin-Liang and Peng Li-Chen, Certified Public Accountants (CPAs)

(4) 2022: Wu Hsin-Liang and Peng Li-Chen, Certified Public Accountants (CPAs)

(5) 2023: Peng Li-Chen and Wu Hsin-Liang, Certified Public Accountants (CPAs)

6. Audit opinions issued by the auditors for the past five years:

(1) 2019: Unqualified opinion with emphasis of matter paragraph relating to material uncertainty

(2) 2020: Unqualified opinion with emphasis of matter paragraph relating to material uncertainty

(3) 2021: Unqualified opinion with emphasis of matter paragraph relating to material uncertainty

(4) 2022: Unqualified opinion

(5) 2023: Unqualified opinion

II. Financial analysis for the most recent five years

1. Consolidated Financial Analysis

Analysis Item \ Year		Financial Analysis of the Latest Five Years: 2023	2022	2021	2020	2019	As of March 31 of the current year (2024)
Financial Structure (%)	Debt to asset ratio	71.6	68.36	66.03	81.75	74.13	72.90
	Long-term funding to property, plant, and equipment ratio	256.26	285.33	558.70	242.06	239.79	251.33
Debt Servicing Ability (%)	Current ratio	30.81	22.6	2,477.90	145.58	142.62	32.41
	Quick ratio	30.48	21.84	2,335.34	50.27	72.78	32.13
	Interest coverage ratio	1.56	1.47	(3.55)	(6.18)	(5.43)	(0.76)
Operating Efficiency	Accounts receivable turnover ratio (times)	-	-	-	623.93	1,101.77	44.90
	Average collection period (days)	-	-	-	0.58	0.33	8.13
	Inventory turnover ratio (times)	0.27	0.29	1.06	1.37	1.74	0.30
	Accounts payable turnover ratio (times)	200.89	419.83	35.92	14.82	16.34	284.19
	Average sales period (days)	1,351.85	1,258.62	344.33	266.43	209.77	1,216.67
	Property, plant, and equipment turnover ratio (times)	0.03	0.03	0.06	0.11	0.23	0.02
	Total asset turnover ratio (times)	-	0.01	0.01	0.04	0.08	0.00
Profitability	Return on assets (ROA) (%)	2.30	1.53	(4.85)	(8.68)	(7.32)	(1.07)
	Return on equity (ROE) (%)	3.19	1.78	(20.87)	(43.77)	(28.84)	(11.19)
	Pre-tax net profit to paid-in capital ratio (%)	7.06	3.72	(28.09)	(38.93)	(37.67)	(24.70)
	Net profit margin (%)	194.17	105.08	(428.93)	(229.91)	(101.20)	(908.70)
	Earnings per share (EPS) (NTD)	0.74	0.4	(3.10)	(4.20)	(3.94)	(0.65)
Cash Flow	Cash flow ratio (%)	(3.89)	(5.4)	(922.29)	(130.54)	(91.78)	(1.06)
	Cash flow solvency ratio (%)	(385.54)	(526.91)	(444.25)	(324.46)	(253.41)	-
	Cash reinvestment ratio (%)	14.82	40.29	(8.77)	(9.80)	(14.60)	3.77

Leverage	Operating leverage	0.02	0.01	(0.11)	0.43	0.56	(0.02)
	Financial leverage	0.51	0.64	0.87	0.87	0.85	0.48

Note: Please refer to pages 315-320 for the analysis data.

Note: The calculation formulas for the analysis items are as follows:

1. Financial structure
   (1) Debt-to-asset ratio = Total liabilities / Total assets.
   (2) Ratio of long-term funds to net property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment.
2. Debt-paying ability
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense.
3. Operating capability
   (1) Turnover ratio of accounts receivable (including accounts receivable and bills receivable generated from business) = Net sales / Average balance of accounts receivable (including accounts receivable and bills receivable generated from business).
   (2) Average collection period = 365 / Turnover ratio of accounts receivable.
   (3) Inventory turnover ratio = Cost of goods sold / Average inventory.
   (4) Turnover ratio of accounts payable (including accounts payable and bills payable generated from business) = Cost of goods sold / Average balance of accounts payable (including accounts payable and bills payable generated from business).
   (5) Average sales period = 365 / Inventory turnover ratio.
   (6) Turnover ratio of property, plant, and equipment = Net sales / Average net property, plant, and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = (Net income after tax + Interest expense x (1 - Tax rate)) / Average total assets.
   (2) Return on equity = Net income after tax / Average total equity.
   (3) Net profit margin = Net income after tax / Net sales.
   (4) Earnings per share = (Net income attributable to parent company shareholders - Preferred stock dividends) / Weighted average number of shares issued.
5. Cash flow

(1) Cash flow ratio = Operating cash flow / Current liabilities.

(2) Cash flow adequacy ratio = Operating cash flow for the latest five years / (Capital expenditures + Increase in inventory + Cash dividends for the latest five years).

(3) Cash reinvestment rate = (Operating cash flow - Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income.

(2) Financial leverage = Operating income / (Operating income - Interest expense).

2. Individual Financial Analysis

Analysis Item \ Year		Financial Analysis of the Latest Five Years				
		2023	2022	2021	2020	2019
Financial Structure (%)	Debt to asset ratio	71.6	68.36	66.03	81.75	74.13
	Long-term funding to property, plant, and equipment ratio	256.27	285.34	558.70	242.07	239.79
Debt Servicing Ability (%)	Current ratio	13.68	22.61	2,488.61	145.60	142.56
	Quick ratio	13.36	21.84	2,345.40	50.26	72.71
	Interest coverage ratio	1.57	1.48	(3.55)	(6.18)	(5.43)
Operating Efficiency	Accounts receivable turnover ratio (times)	—	—	—	623.93	1,101.77
	Average collection period (days)	—	—	—	0.58	0.33
	Inventory turnover ratio (times)	0.27	0.29	1.06	1.37	1.74
	Accounts payable turnover ratio (times)	200.89	419.84	35.92	14.82	16.34
	Average sales period (days)	1,351.85	1,258.62	344.33	266.42	209.77
	Property, plant, and equipment turnover ratio (times)	0.03	0.03	0.06	0.11	0.23
	Total asset turnover ratio (times)	0.00	0.01	0.01	0.04	0.08
Profitability	Return on assets (ROA) (%)	2.31	1.54	(4.85)	(8.68)	(7.32)
	Return on equity (ROE) (%)	3.2	1.79	(20.87)	(43.77)	(28.84)

	Pre-tax net profit to paid-in capital ratio (%)	7.03	3.73	(28.08)	(38.93)	(37.67)
	Net profit margin (%)	194.21	105.12	(428.92)	(227.88)	(101.19)
	Earnings per share (EPS) (NTD)	0.74	0.40	(3.10)	(4.20)	(3.94)
Cash Flow	Cash flow ratio (%)	(3.93)	(5.41)	(926.38)	(130.39)	(91.71)
	Cash flow solvency ratio (%)	(410.20)	(485.87)	(371.56)	(288.42)	(252.04)
	Cash reinvestment ratio (%)	14.99	40.27	(8.77)	(9.78)	(14.59)
Leverage	Operating leverage	0.02	0.01	(0.11)	0.43	0.56
	Financial leverage	0.51	0.64	0.87	0.89	0.85

Note: The calculation formulas for the analysis items are as follows:

1. Financial structure
   (1) Debt-to-asset ratio = Total liabilities / Total assets.
   (2) Ratio of long-term funds to net property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment.
2. Debt-paying ability
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense.
3. Operating capability
   (1) Turnover ratio of accounts receivable (including accounts receivable and bills receivable generated from business) = Net sales / Average balance of accounts receivable (including accounts receivable and bills receivable generated from business).
   (2) Average collection period = 365 / Turnover ratio of accounts receivable.
   (3) Inventory turnover ratio = Cost of goods sold / Average inventory.
   (4) Turnover ratio of accounts payable (including accounts payable and bills payable generated from business) = Cost of goods sold / Average balance of accounts payable (including accounts payable and bills payable generated from business).
   (5) Average sales period = 365 / Inventory turnover ratio.
   (6) Turnover ratio of property, plant, and equipment = Net sales / Average net property, plant, and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = (Net income after tax + Interest expense x (1 - Tax rate)) / Average total assets.
   (2) Return on equity = Net income after tax / Average total equity.
   (3) Net profit margin = Net income after tax / Net sales.
   (4) Earnings per share = (Net income attributable to parent company shareholders - Preferred stock dividends) / Weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = Operating cash flow / Current liabilities.
   (2) Cash flow adequacy ratio = Operating cash flow for the latest five years / (Capital expenditures + Increase in inventory + Cash dividends for the latest five years).
   (3) Cash reinvestment rate = (Operating cash flow - Cash dividends) / (Gross property, plant,

and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income.

(2) Financial leverage = Operating income / (Operating income - Interest expense).

III. Supervisors' review report for the financial report for the most recent year

The Audit Committee's Review Report

The undersigned has duly audited the Business Report, Financial Statements, and Loss Off-setting Proposal prepared by the Board of Directors for the year 2023. The Financial Statements (including the Consolidated Financial Report) had been audited by CPA Wu Xin-Liang and Peng Li-Zhen of Baker Tilly Clock & Co., and the audited reports have been presented.

The aforementioned Business Report, Financial Statements, and Loss Off-setting Proposal are found the same to be true and correct by this Audit Committee. Therefore, the Audit Committee's Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2024 Annual Shareholders" Meeting

TongHwa Corporation

The Convenor of the Audit Committee Li Zong-Ru

March 31, 2024

IV. Financial report for the most recent year (2023)

Independent Auditors' Report

To the Board of Directors and Shareholders of TongHwa Corporation
(formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)

Opinion

We have audited the accompanying consolidated financial statements of TongHwa Corporation (the "Company") and its subsidiaries (collectively referred to as 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.

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 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. 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 Accountants 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 based on our audits and the reports of other auditors.

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 of the Group 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 of the consolidated financial statements for the year ended December 31, 2023 are as follows:

<u>Fair Value Measurement of Investment Properties</u>

For the accounting policies related to investment property, refer to Notes 4 (11) and 5 to the consolidated financial statements; for the accounting evaluation and assumptions of uncertainty related to investment property, refer to Note 5 to the consolidated financial statements; for more information related to investment property, refer to Notes 6 (10).

The investment property of TongHwa Corporation and its subsidiary was measured using the fair value method. To support the management's reasonable estimation, the Company used an independent appraisal institution's valuation report. Due to the selected evaluation method and parameters involved in the appraisal, which requires significant judgment and estimation, it is considered a key audit matter.

We performed the corresponding audit procedures as follows:

1. We evaluated the professional capability, competency, and independency of the real estate appraisers from the external joint appraiser firm entrusted by the management, and verify their qualifications.
2. Our firm has appointed a third-party real estate valuation expert to review the appraisal report of fair value, to understand whether the valuation methods and assumptions comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Regulations on Real Estate Appraisal. We have also evaluated the relevance and reliability of the data sources and key parameters used in the appraisal report, such as the capitalization rate and discount rate, and confirmed the reasonableness of the appraisal results.

Other Matter

We have also audited the parent company only financial statements of TongHwa Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with a paragraph of material uncertainties related to continuing operations.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 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 auditing standards 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 auditing standards, 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 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.

Baker Tilly Clock & CO

Accountant: ____________________

Peng Li-Chen

Accountant: ______________________

Wu Hsin-Liang

Approval Number: Financial Supervisory Commission Securities and Futures Bureau Audit Approval No. 09600000880

Financial Supervisory Commission Securities and Futures Bureau Review Letter No. 1050025873

Date: March 11, 2024

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries
Consolidated Balance Sheets
December 31, 2023, and 2022

Unit: Thousands of New Taiwan Dollars

Assets		Notes	2023/12/31		2022/12/31	
Code	Item		Amount	%	Amount	%
	Current assets					
1100	Cash	IV, VI (1)	$ 827,635	19	$ 447,724	12
1110	Current financial assets at fair value through profit or loss	IV, VI (2)	1,186	–	–	–
1120	Current financial assets at fair value through other comprehensive income	IV, VI (3)	–	–	3,728	–
1200	Other receivables		94	–	248	–
1220	Income tax assets for the current period	IV, VI (24)	218	–	34	–
130x	Inventories	IV, VI (IV)	3,459	–	7,474	–
1410	Prepayments	VI (V)	5,309	–	8,370	–
1470	Other current assets		89	–	52	–
11xx	Total current assets		837,990	19	467,630	12
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	IV, VI (2)	103,785	2	95,094	3
1517	Non-current financial assets at fair value through other comprehensive income	IV, VI (3)	5,181	–	3,603	–
1550	Investments accounted for using equity method	IV, VI (6)	9,586	–	8,245	–
1600	Property, plant and equipment	IV, VI (7), VIII	686,167	15	637,176	16
1755	Assets	IV, VI (8)	12,900	–	14,765	–
1760	Investment property	IV, VI (10), VIII	2,796,985	63	2,635,533	68
1975	Net defined benefit Assets-non-current	IV, VI (15)	18,157	1	17,129	1
1990	Guarantee deposits paid		7,338	–	7,338	–
15xx	Total Non-Current Assets		3,640,099	81	3,418,883	88
1xxx	Total Assets		$ 4,478,089	100	$ 3,886,513	100

(Continued)

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Liabilities and Equity		Notes	2023/12/31		2022/12/31	
Code	Item		Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	VI (11), VIII	$ 100,000	3	$ —	—
2150	Notes payable	VII	61	—	105	—
2200	Other payables	VI (12)	13,959	—	11,552	—
2280	Liabilities-current	IV, VI (8)	1,873	—	1,831	—
2320	Long-term borrowings due within one year	VI (13), VIII	2,602,000	58	2,052,000	53
2399	Other current liabilities	VI (14)	1,763	—	2,926	—
21xx	Total current liabilities		2,719,656	61	2,068,414	53
	Non-current liabilities					
2540	Long-term borrowings	VI (13), VIII	—	—	100,000	3
2570	Deferred tax liabilities	IV, VI (24)	475,109	11	475,036	12
2580	Liabilities-Non-current	IV, VI (8)	11,344	—	13,217	—
2670	Other non-current liabilities	VI (14)	429	—	315	—
25xx	Total non-current liabilities		486,882	11	588,568	15
2xxx	Liabilities Total		3,206,538	72	2,656,982	68
	Equity	VI (16)				
3100	Share capital		568,343	12	568,343	15
3200	Capital surplus		8,008	—	8,006	—
	Retained earnings					
3320	Special reserve		1,560	—	1,560	—
3350	Unappropriated accumulated deficit		(777,414)	(17)	(819,583)	(21)
3400	Other equity interest		1,551,377	35	1,551,860	40
3500	Treasury shares		(80,333)	(2)	(80,651)	(2)
31xx	Total equity attributable to owners of parent		1,271,541	28	1,229,535	32
36xx	Non-controlling interests		10	—	(4)	—
3xxx	Equity Total		1,271,551	28	1,229,531	32
	Total Liabilities and Equity		$ 4,478,089	100	$ 3,886,513	100

（Please refer to the Note accompanying to the consolidated financial statements）

Chairman: Lin Chuang-Ru　　Manager: Lin Chuang-Ye　　Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries

Consolidated Statements of Comprehensive Income

For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Code	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	IV, VI (17)	$ 20,587	100	$ 20,754	100
5000	Operating costs	VI (4, 23), VII	(16,674)	(81)	(27,919)	(135)
5900	Gross profit from operations (loss)		3,913	19	(7,165)	(35)
6000	Operating expenses	VI (23), VII				
6100	Selling expenses		(24,858)	(121)	(24,045)	(116)
6200	Administrative expenses		(52,664)	(256)	(51,496)	(248)
	Total operating expenses		(77,522)	(377)	(75,541)	(364)
6500	Other income and net expenses	VI (18)	(966)	(5)	2,596	13
6900	Net operating loss		(74,575)	(363)	(80,110)	(386)
7000	Non-operating income and expenses					
7100	Interest revenue	VI (19)	3,690	18	321	2
7010	Other income	VI (20)	26,311	127	5,629	27
7020	Other gains and losses	VI (21)	154,127	749	137,720	664
7050	Finance costs	VI (22)	(70,747)	(344)	(44,149)	(213)
7060	Share of profit of associates accounted for using Equity	IV, VI (6)	1,341	7	1,754	8
	Total non-operating income and expenses		114,722	557	101,275	488
7900	Net profit before tax		40,147	194	21,165	102
7950	income tax (expense)	IV, VI (24)	(173)	(1)	645	3
8200	Net Profit		39,974	193	21,810	105
8300	Other comprehensive income					
8310	Item that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans	VI (15)	403	2	5,353	25
8316	Unrealized gains (losses) from investments in Other comprehensive income based on Fair value's Equity	VI (16)	1,511	7	(4,207)	(20)
8349	Amendments to Item in relation to income tax that will not be reclassified to profit or loss	IV, VI (24)	(81)	—	(1,070)	(5)
	Other comprehensive income		1,833	9	76	—
8500	Total comprehensive income		41,807	202	21,886	105
8600	Net income (loss) attributable to:					
8610	Owners of parent company		$ 39,981	193	$ 21,817	105
8620	Non-controlling interests		$ (7)	—	$ (7)	—
8700	Comprehensive income attributable to:					
8710	Owners of parent company		$ 41,814	202	$ 21,893	105
8720	Non-controlling interests		$ (7)	—	$ (7)	—
	Earnings per share (NT $)	VI (25)				
9750	Basic earnings per share		$0.74		$0.40	

（Please refer to the Note accompanying to the consolidated financial statements）

Chairman: Lin Chuang-Ru Manager: Lin Chuang-Ye Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries
Consolidated Statements of Changes in Equity
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Item	Equity attributable to owners of parent								Non-controlling interests	Equity Total
	Share capital	Capital surplus	Retained earnings		Other equity interest Item.		Treasury shares	Total		
			Special Surplus reserves	Unappropriated accumulated deficit	Fair value through Other comprehensive income Fair value measurement using Assets Unrealized profit or loss	Real estate Revaluation surplus				
Balance at January 1,2022	$ 568,343	$ 8,006	$ 1,560	$ (845,683)	$ (225,924)	$ 1,781,991	$ (80,651)	$ 1,207,642	$ 3	$ 1,207,645
Net Profit	-	-	-	21,817	-	-	-	21,817	(7)	21,810
Other comprehensive income	-	-	-	4,283	(4,207)	-	-	76	-	76
Total comprehensive income	-	-	-	26,100	(4,207)	-	-	21,893	(7)	21,886
Balance as of December 31,2022	$ 568,343	$ 8,006	$ 1,560	$ (819,583)	$ (230,131)	$ 1,781,991	$ (80,651)	$ 1,229,535	$ (4)	$ 1,229,531
Balance at January 1,2023	$ 568,343	$ 8,006	$ 1,560	$ (819,583)	$ (230,131)	$ 1,781,991	$ (80,651)	$ 1,229,535	$ (4)	$ 1,229,531
Net Profit	-	-	-	39,981	-	-	-	39,981	(7)	39,974
Other comprehensive income	-	-	-	322	1,511	-	-	1,833	-	1,833
Total comprehensive income	-	-	-	40,303	1,511	-	-	41,814	(7)	41,807
Disposal of parent company shares by subsidiaries Transaction of treasury shares	-	-	-	(128)	-	-	318	190	21	211
Disposal of investments accounted for under Other comprehensive income Fair value-Equity	-	-	-	1,994	(1,994)	-	-	-	-	-
Arising from exercise of right of inclusion	-	2	-	-	-	-	-	2	-	2
Balance at December 31,2023	$ 568,343	$ 8,008	$ 1,560	$ (777,414)	$ (230,614)	$ 1,781,991	$ (80,333)	$ 1,271,541	$ 10	$ 1,271,551

（Please refer to the Note accompanying to the consolidated financial statements）

Chairman: Lin Chuang-Ru　　Manager: Lin Chuang-Ye　　Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries
Consolidated Statements of Cash Flows
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Item	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 40,147	$ 21,165
Adjustments:		
Item		
Depreciation expense	4,225	3,011
Financial assets at fair value through profit or loss Fair value Assets (Gain) loss	(10,114)	4,906
Interest expense	70,747	44,149
Interest revenue	(3,690)	(321)
Dividend revenue	(3,174)	(126)
Share of profit of associates accounted for using Equity	(1,341)	(1,754)
Impairment loss on non-financial assets	2,181	—
Gains on disposals of property, plant and equipment	(1,215)	(2,596)
Unrealized foreign exchange loss	—	7
Gain on fair value adjustment of investment property	(144,066)	(142,577)
Other income	—	(269)
Net changes in operating Assets and Liabilities		
Other receivables	160	(248)
Inventories	4,015	8,450
Prepayments	3,061	(2,541)
Other current assets	(37)	37
Assets	(625)	(473)
Notes payable	(44)	77
Other payables	681	(1,370)
Other current liabilities	(1,163)	1,068
Other non-current liabilities	114	(11)

(Continued)

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Item	2023	2022
Deferred tax liabilities	(181)	—
Cash outflow generated from operations	(40,319)	(69,416)
Interest received	3,690	321
Interest paid	(69,021)	(42,758)
Income taxes paid	(184)	(30)
Net cash flows used in operating activities	(105,834)	(111,883)
Cash flows from (used in) investing activities		
Acquisition of Fair value Assets	(20,493)	(100,000)
Disposal of Fair value Assets	20,730	—
Disposal Other comprehensive income is accounted for as Fair value Assets	3,661	—
Acquisition of property, plant and equipment	(53,594)	(4,570)
Acquisition of investment properties	(17,386)	—
Proceeds from disposal of property, plant and equipment	1,277	2,596
Dividends received	3,168	126
Net cash flows used in investing activities	(62,637)	(101,848)
Cash flows from financing activities		
Increase in short-term loans	100,000	—
Proceeds from long-term debt	2,502,000	310,000
Repayments of long-term debt	(2,052,000)	—
Repayment of lease principal	(1,831)	(1,390)
Proceeds from sale of treasury shares	211	—
Other financing activities (disgorgement)	2	—
Net cash flows from financing activities	548,382	308,610
Effect of exchange rate changes on cash and cash equivalents	—	(7)
Net increase in cash and cash equivalents	379,911	94,872
Cash and cash equivalents at beginning of period	447,724	352,852
Cash and cash equivalents at end of period	$ 827,635	$ 447,724

（Please refer to the Note accompanying to the consolidated financial statements）

Chairman: Lin Chuang-Ru Manager: Lin Chuang-Ye Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and subsidiaries

Notes TO Consolidated Financial Report

For The Years Ended December 31, 2023 and 2022

（Amounts are in thousands of NT dollars unless otherwise specified）

1.Company History

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.). On October 6, 2022, the name was changed to "TongHwa Corporation", hereinafter referred to as "the company", and the company and its subsidiaries controlled by the company are hereinafter referred to as the " corporation ". It is a Taiwan-Japan joint venture company, approved by the Investment Review Committee of the Ministry of Economic Affairs, and established on March 2, 1970 in accordance with the Company Law and other relevant laws and regulations. Its main business is the production and sales of "polyacrylonitrile synthetic fibers".

The Company's stock has been listed and traded on the Taiwan Stock Exchange since February 14, 1977.

The functional currency used in this consolidated financial report is New Taiwan Dollar.

2.Date and Procedure of Approval of Financial Report

This consolidated financial report was approved by the board of directors on March 11, 2024.

3.Application of Newly Released and Revised Standards and Interpretations

(1) <u>The impact of the newly issued and revised International Financial Reporting Standards approved by the Financial Supervisory Commission</u>

The following table summarizes the newly issued, revised and revised standards and interpretations of the applicable International Financial Reporting Standards in 2023 approved by the Financial Supervisory Commission:

Newly issued/amended/revised standards and interpretations	Effective date of IASB issue
Amendments to IAS No.1"Disclosure of Accounting Policies "	January 1, 2023
Amendments to IAS No.8 "Definition of Accounting Estimates "	January 1, 2023
Amendments to IAS No.12 "Deferred Assets and Liabilities related to a single transaction "	January 1, 2023
Amendments to IAS No.12"The International Tax Reform — Pillar Two Rules Template"	May 23, 2023

The merged company has assessed that the above standards and interpretations have no significant impact on the merged company's financial status and financial performance.

(2) <u>The impact of not adopting the newly released and revised International Financial Reporting Standards approved by the Financial Supervisory Commission</u>

The following table summarizes the newly issued, revised and revised standards and interpretations of the applicable International Financial Reporting Standards in 2024 approved by the Financial Supervisory Commission:

Newly issued/amended/revised standards and interpretations	Effective date of IASB issue
Amendments to IFRS 16, ‘ Leases in sale and leaseback Liabilities’	January 1, 2024

Newly issued/amended/revised standards and interpretations	Effective date of IASB issue
Amendments to IAS 1, “Classification of Current or Non-current”	January 1, 2024
Amendments to IAS 1, Non-current liabilities with contractual terms	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024

The merged company has assessed that the above standards and interpretations have no significant impact on the merged company's financial status and financial performance.

(3) <u>The impact of the International Financial Reporting Standards issued by the International Accounting Standards Board but not yet approved by the Financial Supervisory Commission</u>

The following table summarizes the newly issued, revised and revised standards and interpretations that have been issued by the International Accounting Standards Board but have not yet been incorporated into the IFRS recognized by the Financial Supervisory Commission:

Newly issued/amended/revised standards and interpretations	Effective date of IASB issue
Amendments to IFRS No.10 and IAS No.28 "Sales or contributions of assets between an investor and its affiliates or joint ventures"	To be decided by the International Accounting Standards Board
IFRS No.17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS No.17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS No.17 "Initial Application of IFRS No.17 and IFRS No.9 - Comparative Information"	January 1, 2023
Amendments to IAS 21, ‘ Lack of marketability’	January 1, 2025

The merged company has assessed that the above standards and interpretations have no significant impact on the merged company's financial status and financial performance.

4. Summary of major accounting policies

(1) Compliance statement

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations (hereinafter referred to as IFRSs) approved and issued by the Financial Supervisory Commission.

(2) Basis of compilation

This consolidated financial report is prepared on the historical cost basis, except for financial instruments measured at fair value, investment real estate, and net defined benefit assets recognized at the present value of defined benefit obligations minus the fair value of project assets.

The preparation of financial reports in compliance with IFRSs requires the use of some important accounting estimates. In the process of applying the accounting policies of the consolidated company, the management level also needs to use its judgments, involving highly judgmental or complex items, or involving significant assumptions and estimates of consolidated financial reports. For items, please refer to Note 5.

(3) Basis of consolidation

A. Principles for the preparation of consolidated financial reports：

This consolidated financial report includes the financial reports of the company and entities (subsidiaries) controlled by the company.

The consolidated comprehensive income statement has included the operating profit and loss of the acquired or disposed subsidiary in the current period from the date of acquisition or to the date of disposal.

All inter-entity transactions, account balances, gains and losses have been eliminated when preparing consolidated financial statements. The total comprehensive profit or loss of the subsidiary is attributable to the company's owners and non-controlling interests, even if the non-controlling interests become the balance of the loss.

When the merged company's change in the ownership interest of the subsidiary does not result in the loss of control, it is treated as an equity transaction. The carrying amounts of the combined companies and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. The difference between the adjusted amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributable to the owners of the Company.

When the merging company loses control over the subsidiary, the profit from the disposal loss is the difference between: (1) the fair value of the consideration received and the total fair value of the remaining investment in the former subsidiary at the date of loss of control, and (2) The assets (including goodwill) and liabilities and non-controlling interests of the former subsidiary are calculated based on the total book value on the date of loss of control. The Consolidating Company's accounting for all amounts recognized in other comprehensive loss and interest related to the subsidiary is the same basis that the Consolidating Company must follow for disposing of the related assets or liabilities directly.

B. Subsidiaries included in the consolidated financial report

Details of the Company's subsidiaries as at the end of the reporting period are as follows：

Investment company name	Subsidiary name	business nature	Shareholding percentage		Notes
			2023/12/31	2022/12/31	
The Company	Dong ye Investment Co., Ltd.	General Investment	90%	90%	
The Company	MRS company.	Residence and Buildings Lease Construction	100%	-	Note 1
The Company	Donghua Leasing Co., Ltd.	Car rental industry	100%	-	Note 2

Note 1: In order to meet operational needs, the Company invested in the establishment of a 100% owned subsidiary, Shan He Zhuang Co., Ltd., which was approved for establishment on 20 March 2023.

Note 2: In order to meet operational needs, the Company invested in the establishment of a 100% owned subsidiary, Donghua Leasing Co., Ltd., which was approved for establishment on 20 September 2023.

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

D. Adjustments and treatment methods for different accounting periods of subsidiaries: None.

E. Significant limitations: None.

F. Subsidiaries with significant non-controlling interests in the combined company: None.

(4) Classification criteria for distinguishing current and non-current assets and liabilities

A. Assets that meet one of the following conditions are classified as current assets; assets that do not belong to current assets are classified as non-current assets：

(a) The asset is expected to be realized in the normal business cycle, or is intended to be sold or consumed.

(b) Those held primarily for trading purposes.

(c) Those expected to be realized within twelve months after the balance sheet date.

(d) Cash or cash equivalents, unless exchanged or used to settle liabilities is restricted for at least twelve months after the balance sheet date.

B. Liabilities that meet one of the following conditions are classified as current liabilities; liabilities that do not belong to current liabilities are non-current liabilities:

(a) Those that are expected to be settled in the normal business cycle.

(b) Those held primarily for trading purposes.

(c) Those that are expected to be paid off within twelve months after the balance sheet date.

(d) The repayment period cannot be unconditionally postponed to at least twelve months after the balance sheet date. The terms of the liability, which may be settled by issuing equity instruments at the option of the counterparty, do not affect its classification.

(5) Foreign currency

When each entity prepares financial reports, transactions in currencies other than the individual's functional currency (foreign currency) shall be converted into functional currency records at the exchange rate on the transaction day.

Monetary items denominated in foreign currencies are translated at the closing rates at each balance sheet date. Exchange differences arising from delivery of monetary items or translation of monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and the resulting exchange difference is listed as current profit or loss. However, if changes in fair value are recognized in other comprehensive profit or loss, the resulting exchange difference is listed as in other comprehensive income.

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

(6) <u>Inventory</u>

Inventories are measured at the lower of cost and net realizable value. Inventories are calculated on the basis of the weighted average method. Net realizable value refers to the balance after deducting the estimated selling price from the estimated cost to be invested until completion and the estimated cost required to complete the sale.

(7) <u>Investments using the equity method - affiliated companies</u>

Investments using the equity method are investments in affiliated companies.

Affiliated companies refer to enterprises that have significant influence on the merged company, but are not subsidiaries or joint ventures.

The merged company adopts the equity method for investing in affiliated companies.

Under the equity method, an investment in an affiliated company is initially recognized at cost, and the book value after acquisition increases or decreases with the combined company's share of the affiliated enterprise's profit or loss, other comprehensive profit or loss, and profit distribution. In addition, changes in the rights and interests of related companies that the merged company can enjoy are recognized in accordance with the shareholding ratio.

When an affiliated company issues new shares, if the merging company does not subscribe in accordance with the shareholding ratio, resulting in a change in the shareholding ratio, and resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital reserve - the equity method shall be used to recognize the related party Changes in the net value of corporate equity and investments using the equity method. However, if the ownership interest in the affiliated company is reduced by not subscribing or obtaining it according to the shareholding ratio, the amount related to the affiliated company recognized in other comprehensive profits and losses will be reclassified according to the reduction ratio. If the basis for directly disposing of related assets or liabilities is the same; if the adjustment in the preceding paragraph should be debited to the capital reserve, and if the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus.

When the merging company's loss share of the affiliated company is equal to or exceeds its equity in the affiliated company (including the book value of the investment in the affiliated company under the equity method and other long-term interests that are substantially part of the merging company's net investment in the affiliated company) , which ceases to recognize further losses. The merged company recognizes additional losses and liabilities only within the scope of statutory obligations, constructive obligations or payments made on behalf of related companies.

When the consolidated company assesses the impairment, it regards the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount with the book value to conduct an impairment test. The recognized impairment loss is not apportioned to the components of the investment book amount any assets, including goodwill. Any reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

The merged company ceases to adopt the equity method from the date on which its investment ceases to be an affiliated company, and its retained interests in the original affiliated companies are measured by fair value, and the difference between the fair value and the disposal price and the investment book amount on the date when the equity method is stopped Included in profit or loss for the year. In addition, all amounts recognized in other comprehensive profit or loss related to the affiliated companies are accounted for on the same basis as would be required if the affiliated companies directly disposes of the related assets or liabilities.

Profit and loss arising from upstream, downstream, and sidestream transactions between the merging company and affiliated companies shall be recognized in the consolidated financial report only to the extent that it is not related to the merging company's rights and interests in the affiliated company.

(8) Real estate, plant and equipment

Real estate, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Costs include professional services fees and borrowing costs eligible for capitalization.

Before the asset reaches the expected state of use, the samples produced to test whether the asset can operate normally are measured at the lower of cost and net realizable value, and the sales price and cost are recognized in profit or loss.

These assets are classified to the appropriate categories of real estate, plant and equipment and depreciated when completed and ready for intended use.

Except for the self-owned land which is not depreciated, the rest of the real estate, plant and equipment shall be depreciated separately for each significant part on a straight-line basis within the service life. The merged company shall review the estimated useful life, salvage value and depreciation method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates.

On derecognition of real estate, plant and equipment, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(9) Investment real estate

Investment real estate is real estate held to earn rentals or for capital appreciation or both. Investment real estate also includes land held for which the future use has not yet been determined. Owned investment real estate is initially measured at cost (including transaction costs), and subsequently measured at fair value. Changes in fair value are recognized in profit or loss in the current period.

When real estate, plant and equipment real estate is transferred from self-use to investment real estate, the difference between the original book value and the fair value is recognized in other comprehensive profit and loss and accumulated to equity under the revaluation appreciation item. When the asset is delisted Transfer directly to retained earnings.

If the houses exchanged for land in accordance with the co-construction sub-housing contract are classified as investment real estate and the exchange has commercial substance, the exchange gains and losses shall be recognized at the time of exchange.

When investment real estate is delisted, the difference between the net disposal price and the book value of the asset is recognized under the item of net other gains and losses.

(10) Impairment of non-financial assets

The Consolidated Company assesses at each balance sheet date whether there are any indications that real estate, plant and equipment and right-of-use assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the merging 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 of disposal and value in use. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized under the net item of other income and expenses .

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed that of the asset or cash-generating unit, if it was not recognized in the previous year The carrying amount (minus amortization or depreciation) determined when reducing losses. Reversals of impairment losses are recognized under other income and expenses, net.

(11) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the merging company becomes a party to the contractual terms of the instrument.

When initially recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

Customary transactions in financial assets are recognized and derecognised using trade date accounting.

(a) Types of assessment

The types of financial assets held by the consolidated company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments measured at fair value through other comprehensive profit or loss.

a-1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are mandatory to be measured at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated to be measured at fair value through other comprehensive profit or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive profit or loss .

Financial assets measured at fair value through profit or loss are measured at fair value, and dividends, interest and gains or losses arising from remeasurement are recognized in profit or loss.

a-2. Financial assets measured at amortized cost

If the financial assets invested by the merged company meet the following two conditions at the same time, they will be classified as financial assets measured at cost after amortization:

(i) is held under an operating model whose purpose is to hold financial assets to collect contractual cash flows; and

(ii) The terms of the contract give rise to cash flows on specified dates that are exclusively payments of principal and interest on the outstanding principal amount.

After the original recognition of financial assets measured at amortized cost (including cash, accounts receivable and other receivables measured at amortized cost), the total book value determined by the effective interest method minus any Impairment losses are measured at amortized cost, with any foreign exchange gains or losses recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

(i) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

(ii) For financial assets that are not credit-impaired purchased or created, but subsequently become credit-impaired, the interest income shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit-impairment.

a-3. Investment in equity instruments measured at fair value through other comprehensive income

At the time of original recognition, the merging company may make an irrevocable choice to designate the investment in equity instruments that are not held for trading and not recognized by the acquirer of the business merger, or have consideration, to be measured at fair value through other comprehensive gains and losses.

Equity instrument investments measured at fair value through other comprehensive profit or loss are measured at fair value, and subsequent changes in fair value are presented in other comprehensive profit or loss and accumulated in other equity. When the investment is disposed of, the accumulated profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss. Dividends on investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the merging company's right to receive payment is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(b) Impairment of financial assets

b-1. Impairment losses of financial assets (including accounts receivable and lease receivables) measured by the amortized cost of the merged company based on expected credit losses on each balance sheet date.

b-2. Accounts receivable and lease receivables are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the original recognition. If there is no significant increase, it will be recognized as an allowance loss based on the 12-month expected credit loss. If it has increased significantly, it will be recognized according to the expected credit loss during the duration. Set aside against losses.

b-3. Expected credit loss is the weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible default events of the financial instrument within 12 months after the reporting date, and the expected credit loss during the duration represents the expected credit loss arising from all possible default events of the financial instrument during the expected duration.

For the purpose of internal credit risk management, the merged company judges that the following situations represent financial assets in default without considering the collateral held:

(i) There is internal or external information that the debtor is unlikely to pay the debt.

(ii) More than 120 days overdue, unless there is reasonable and corroborated information to indicate that a later basis of default is more appropriate.

Impairment losses on all financial assets are reduced through the allowance account to reduce their carrying amounts, but allowance losses on debt instrument investments measured at fair value through other comprehensive income are recognized in other comprehensive income without reducing their carrying amounts.

(c) Delisting of financial assets

The merging company starts to delist financial assets only when the contractual rights to the cash flows from the financial assets lapse, or when the financial assets have been transferred and almost all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at cost after amortization is delisted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an equity instrument investment measured at fair value through other comprehensive income is delisted as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

b. Financial liabilities and equity instruments

(a) Classification of liabilities or equity

Debt and equity instruments issued by the merged company are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity instruments.

An equity instrument is any contract that recognizes the remaining interest of the merging company after deducting all of its liabilities from its assets. The equity instruments issued by the merged company are recognized at the amount acquired after deducting the direct issuance costs.

The equity instruments of the company that are reclaimed are recognized and deducted under the equity item. The purchase, sale, issue or cancellation of the Company's own equity instruments are not recognized in profit or loss.

(b) Financial liabilities

Financial liabilities that are not held for trading and designated to be measured at fair value through profit or loss (including payables) are initially recognized at fair value plus directly attributable transaction costs; subsequent evaluation is amortized using the effective interest rate method post-cost measurement.

(c) Delisting of financial liabilities

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

(12) Revenue recognition

After the customer contract identifies performance obligations, the combined company allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

Product sales revenue

Product sales revenue comes from sales of polyacrylonitrile synthetic fiber products. Sales revenue is recognized when control of the product is transferred to the customer, ie when the product is delivered to the customer and the merging company has no outstanding performance obligations that could affect the customer's acceptance of the product. When the product arrives at the place designated by the customer or the port is shipped, the customer has the right to set the price and use of the product and bears the main responsibility for reselling the product, and bears the risk of obsolescence of the product. List revenue and accounts receivable. Advance payments received prior to the arrival of the products are recognized as contract liabilities.

Revenue from sales of products is measured at the fair value of the consideration received or receivable, net of estimated customer returns, discounts and other similar allowances. The merged company estimates possible sales returns and discounts based on historical experience and other known reasons, and recognizes refund liabilities and related product rights to be returned.

(13) Lease

The merging company assesses whether the contract is (or contains) a lease at the date of inception of the contract.

A. The merged company is the lessor

A lease is classified as a finance lease when the terms of the lease transfer to the lessee substantially all the risks and rewards incidental to ownership of the asset. All other leases are classified as operating leases.

Under operating leases, lease payments net of lease incentives are recognized as income on a straight-line basis over the relevant lease period. Lease negotiations with the lessee are treated as new leases from the effective date of the lease modification.

B. Merger company as lessee

Except for leases of low-value underlying assets and short-term leases for which the recognition exemption is applicable, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use assets and lease liabilities on the lease inception date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, lease payments less lease incentives received before the commencement date of the lease, original direct costs and the estimated cost of restoring the underlying asset), and is subsequently measured at cost less accumulated depreciation and The amount after the accumulated impairment loss is measured, and the remeasurement amount of the lease liability is adjusted. Right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the expiry of the useful life or the expiry of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payments. If the implied interest rate of the lease is easy to determine, the lease payment shall be discounted using the interest rate. If this rate is not readily determined, the lessee incremental borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If the lease period changes, the merged company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to the reduction of the scope of the lease is to reduce the right-of-use asset, and recognize the profit or loss of partial or complete termination of the lease; the remeasurement of the lease liability due to other modifications is to adjust the right-of-use asset . Lease liabilities are presented separately in the consolidated balance sheet.

The merged company and the lessor have a rent reduction directly related to the new coronavirus pneumonia, and the adjustment of the payment due before June 30, 2022 has resulted in a reduction in rent, and there has been no substantial change in other lease terms and conditions. The merged company chooses to adopt a practical expedient approach to deal with all rental concessions that meet the aforementioned conditions. It does not assess whether it is a lease modification, but recognizes the reduction in lease payments in profit or loss when the concession event or situation occurs, and relatively reduces the lease of liabilities.

(14) Government subsidies

Government grants are only recognized when there is reasonable confidence that the merged company will comply with the conditions attached to the government grant and will be able to receive the grant.

Government grants related to revenue are recognized in profit or loss on a systematic basis over the period in which the combined company recognizes them as an expense with the intent to compensate for the related costs.

Government grants are recognized in profit or loss during the period in which they can be received if they are used to compensate incurred expenses or losses, or to provide immediate financial support to the combined company and have no future related costs.

(15) Employee benefits

A. Short-term employee benefits

Liabilities related to short-term employee benefits are measured as undiscounted amounts expected to be paid in exchange for employee services.

B. Pension

(a) Determine the allocation plan

For the definite appropriation plan, the amount of the pension fund that should be appropriated is recognized as the current pension expense on the accrual basis. Advance payments are recognized as assets to the extent that they are refundable in cash or reduce future payments.

(b) Defined Benefit Plan

The defined benefit cost (including service cost, net interest and remeasurement amount) of the defined benefit retirement plan is actuarially calculated using the projected unit benefit method. Service costs (including current service costs, previous service costs and liquidation gains and losses) and net interest on net determined benefit liabilities (assets) are recognized as employee welfare expenses when incurred and when liquidated. The remeasurement amount (including actuarial profit and loss, changes in the amount affected by the asset cap and the return on project assets after deducting interest) is recognized in other comprehensive profit or loss and included in retained earnings when it occurs, and will not be reclassified to profit or loss in subsequent periods.

The defined benefit cost (including service cost, net interest and remeasurement amount) of the defined benefit retirement plan is actuarially calculated using the projected unit benefit method. Service costs (including current service costs, previous service costs and liquidation gains and losses) and net interest on net determined benefit liabilities (assets) are recognized as employee welfare expenses when incurred and when liquidated. The remeasurement amount (including actuarial profit and loss, changes in the amount affected by the asset cap and the return on project assets after deducting interest) is recognized in other comprehensive profit or loss and included in retained earnings when it occurs, and will not be reclassified to profit or loss in subsequent periods.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as defined benefit retirement plans, except that the related remeasurements are recognized in profit or loss.

D. Termination benefits

The merging company recognizes a termination benefit liability when it is no longer possible to withdraw the termination benefit offer or when it recognizes related restructuring costs, whichever is earlier.

(16) <u>Income tax</u>

Income tax expense is the sum of current income tax and deferred income tax.

A. Current income tax

The merged company determines the current income (loss) in accordance with the Income Tax Law of the Republic of China, and calculates the payable (recoverable) income tax accordingly.

The undistributed earnings calculated in accordance with the provisions of the Income Tax Law of the Republic of China are subject to additional income tax and are recognized in the year of resolution of the shareholders' meeting.

The adjustment of the income tax payable in the previous year shall be included in the current income tax.

B. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of assets and liabilities in the books and the tax basis for calculating taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences or losses can be utilised.

Taxable temporary differences related to investment subsidiaries and affiliated enterprises are recognized as deferred income tax liabilities, but if the merged company can control the timing of the reversal of the temporary difference, and the temporary difference is likely to not be recognized in the foreseeable future Except those who will turn around. The deductible temporary difference related to this type of investment is only because it is likely to have sufficient taxable income to realize the temporary difference, and it is recognized as deferred income tax within the scope of expected reversal in the foreseeable future assets.

The carrying amount of deferred tax assets is reviewed at each balance sheet date, and the carrying amount is reduced for those assets that are no longer likely to have sufficient taxable income to recover all or part of the assets. Those that have not been recognized as deferred income tax assets are also re-examined on each balance sheet date, and for those that are likely to generate taxable income in the future to recover all or part of the assets, the book amount is increased.

Deferred income tax assets and liabilities are measured at the current tax rate that is expected to be settled or the asset is realized. The tax rate is based on the tax rate and tax laws that have been enacted or substantively enacted on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the consolidated company expects to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date. If the investment real estate measured by fair value is a non-depreciable asset, or the economic model of holding does not consume almost all the economic benefits of the asset over time, the combined company assumes that the book value of the asset will be recovered through sale.

C. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly in equity are recognized in other comprehensive profit or loss or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When the merged company adopts the accounting policies described in Note 4, if it is not easy to obtain information about the book value of assets and liabilities from other sources, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The estimates and associated assumptions are based on historical experience and other factors that are considered to be material. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. If the revision of the estimate affects only the current period, it is recognized in the current period of the revision of the accounting estimate; if the revision of the accounting estimate affects both the current and future periods, it is recognized in the current period of the revision of the estimate and future periods.

The main sources of uncertainty in the consolidated company's major accounting judgments, estimates and assumptions are as follows:

Fair value of investment real estate

Since the investment real estate is subsequently evaluated using the land development analysis method and measured at fair value, the investment real estate held by the merged company is land, so experts must be entrusted to use their professional judgment and estimation to determine the value of the investment real estate on the balance sheet date. Fair value. The merged company will adjust it to the fair value based on the real estate valuation report issued by experts. The evaluation of investment real estate is mainly based on the real estate valuation report issued by experts. Therefore, changes in the estimated total sales amount, profit rate, asset interest rate, and expert judgments and estimates may affect the fair value in a specific period in the future. measure.

6. Explanation of important accounting items

(1) Cash

	December 31, 2023	December 31, 2022
Cash in stock	$ 40	$ 50
Bank Check and Demand Deposit	827,595	447,674
Total	$ 827,635	$ 447,724

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

	December 31, 2023	December 31, 2022
Current Mandatorily classified as at FVTPL Fair value Listed stocks	$ 1,186	$ —
non-current Mandatory through profit and loss at fair value		
Fund beneficiary certificate	$ 103,785	$ 95,094

On April 24, 2022, the merged company subscribed for "Landmark Green Energy Private Equity Limited Partnership" from United Federation Private Equity Co., Ltd. for NT 100,000,000, and acted as a limited partner.

(3) Financial assets measured at fair value through other comprehensive gains and losses

Equity instrument investment

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Listed stocks	$ —	$ 3,728

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
Unlisted (OTC) stocks	$ 5,181	$ 3,603

The merged company invests in the common stock of the above-mentioned companies for medium and long-term strategic purposes, and expects to make profits through long-term investment. The management of the merged company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is inconsistent with the aforementioned long-term investment plan, so they choose to designate these investments as measured by fair value through other comprehensive income.

(4) Inventory

	December 31, 2023	December 31, 2022
Commodity inventory	$ 1,956	$ 2,301
Finished product	1,503	4,987
Product in process	-	173
Raw material	-	13
Total	$ 3,459	$ 7,474

Inventory-related expenses and losses recognized in the current period are as follows:

	2023	2022
Cost of inventory sold	$ 36,222	$ 28,359
Inventory depreciation (recovery profit) loss	(20,184)	(32,552)
Unallocated manufacturing overhead	636	658
Scrap loss	-	31,454
Total	$ 16,674	$ 27,919

The increase in the net realizable value of inventories of the consolidated company from January 1 to December 31, 2023 and 2022 is mainly due to the sale of previously assessed loss inventories.

(5) Prepayments

	December 31, 2023	December 31, 2022
Advance payment	$ 30	$ 2,612
Residual tax credit	2,638	3,625
Prepaid management fee	839	885
Supplies Inventory	25	10
Other	1,777	1,238
Total	$ 5,309	$ 8,370

(6) Investments using the equity method

Invest in affiliated companies

Individually insignificant affiliated enterprises	December 31, 2023	December 31, 2022
Unlisted (OTC) companies		
CETECH CO., LTD.	$ 9,586	$ 8,245

A. The combined company's ownership interests and voting rights in affiliated companies on the balance sheet date are as follows:

Company Name	December 31, 2023	December 31, 2022
CETECH CO., LTD.	12.44%	12.44%

Since the merged company is the legal person director of the affiliated company and has significant influence on it, the equity method is used for evaluation.

B. The summary information of individual insignificant affiliated companies is as follows:

	2023	2022
Merged company's share		
Net profit for the period	$ 1,341	$ 1,754
Total comprehensive profit and loss	$ 1,341	$ 1,754

Investments using the equity method and the profits and losses enjoyed by the merged company are recognized based on the financial reports of related companies audited by accountants for the same period.

(7) Real estate, plant and equipment

	2023				
Item	Opening balance	Add	Handle	Rearrange	Ending balance
Cost					
The land	$ 635,158	$ 49,124	$ -	$ -	$ 684,282
Housing and construction	297,535	-	(6,152)	-	291,383
Mechanical equipment	293,223	-	(214,431)	-	78,792
Hydropower equipment	41,731	250	(13,870)	-	28,111
Transportation equipment	13,699	4,220	(1,400)	-	16,519
Other equipment	8,999	-	(80)	-	8,919
Unfinished project	18,981	-	(7,223)	-	11,758
Subtotal	1,309,326	53,594	(243,156)	-	1,119,764
Accumulated depreciation					
Housing and construction	265,794	-	(3,531)	-	262,263
Mechanical equipment	249,609	-	(200,583)	-	49,026
Hydropower equipment	28,231	29	(13,870)	-	14,390
Transportation equipment	6,836	2,186	(1,400)	-	7,622
Other equipment	4,053	145	(18)	-	4,180
Subtotal	554,523	2,360	(219,402)	-	337,481
Cumulative impairment					
The land	4,245	1,960	-	-	6,205
Housing and construction	31,741	-	(2,621)	-	29,120
Mechanical equipment	43,614	-	(13,848)	-	29,766
Hydropower equipment	13,500	221	-	-	13,721
Transportation	1,466	-	-	-	1,466

Item	2023 Opening balance	Add	Handle	Rearrange	Ending balance
equipment					
Other equipment	4,080	-	-	-	4,080
Unfinished project	18,981	-	(7,223)	-	11,758
Subtotal	117,627	2,181	(23,692)	-	96,116
Net amount	$ 637,176	$ 49,053	$ (62)	$ -	$ 686,167

Item	2022 Opening balance	Add	Handle	Rearrange	Ending balance
Cost					
The land	$ 635,158	$ -	$ -	$ -	$ 635,158
Housing and construction	298,515	-	(980)	-	297,535
Mechanical equipment	312,217	-	(18,994)	-	293,223
Hydropower equipment	41,731	-	-	-	41,731
Cost	16,930	3,600	(6,831)	-	13,699
The land	8,029	970	-	-	8,999
Housing and construction	18,981	-	-	-	18,981
Mechanical equipment	1,331,561	4,570	(26,805)	-	1,309,326
Accumulated depreciation					
Housing and construction	266,322	-	(528)	-	265,794
Mechanical equipment	263,004	-	(13,395)	-	249,609
Hydropower equipment	28,231	-	-	-	28,231
Transportation equipment	12,261	1,015	(6,440)	-	6,836
Other equipment	3,949	104	-	-	4,053
Subtotal	573,767	1,119	(20,363)	-	554,523
Cumulative impairment		-	-	-	
The land	4,245	-	-	-	4,245
Housing and construction	32,193	-	(452)	-	31,741
Mechanical equipment	49,213	-	(5,599)	-	43,614
Hydropower equipment	13,500	-	-	-	13,500
Transportation equipment	1,857	-	(391)	-	1,466
Other equipment	4,080	-	-	-	4,080
Unfinished project	18,981	-	-	-	18,981
Subtotal	124,069	-	(6,442)	-	117,627
Net amount	$ 633,725	$ 3,451	$ -	$ -	$ 637,176

A. The real estate, plant and equipment of the merged company are depreciated on a straight-line basis according to the following useful years:

Housing and construction	
Plant main building	21 to 46 years
Other	3 to 16 years
Mechanical equipment	2 to 20 years
Hydropower equipment	5 to 25 years
Transportation equipment	3 to 10 years
Other equipment	3 to 15 years

B.On 8 May 2023, the Board of Directors of the Group resolved to purchase the land at Donghua Section 843 for the overall development plan of Assets, and signed the land sale and purchase contract on 23 May 2023, with the purchase cost of $49,124,000.

C. Please refer to Note 8 for information on guarantees provided by real estate, plant and equipment.

(8) Lease Agreement - Lessee

A. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use asset		
Building	$ 12,900	$ 14,765

	2023	2022
Depreciation expense on right-of-use assets		
Housing and construction	$ 1,865	$ 1,892

In addition to the addition and recognition of depreciation expenses listed above, the merged company's right-of-use assets have no major subleases and impairments from January 1 to December 31, 2023 and 2022.

B. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of the lease liability		
Current	$ 1,873	$ 1,831
Non-current	$ 11,344	$ 13,217

The discount rate range for the lease liability is as follows:

	December 31, 2023	December 31, 2022
Building	1.93% ~ 2.23%	1.93% ~ 2.23%

C. Important leasing activities and terms

The merged company leases the building as an office, and the lease period is 9 years and 6 months. At the end of the lease period, the merged company has no preferential right to purchase the leased buildings.

In 2022, due to the severe impact of the new coronavirus pneumonia epidemic on the market economy, the merged company will negotiate an office lease with the lessor.The lessor agrees to unconditionally reduce the rent amount by 50% from May 1 to July 31, 2022 . In 2022 January 1 to December 31, the consolidated company will recognize the impact of the aforementioned rental concessions as NT 269,000 respectively, which are listed under other income items.

D. Other leasing information

	2023	2022
Short-term rental expenses	$ 336	$ 271
Low-value asset rental expenses	$ 81	$ 76
Total cash outflows from leases	$ (2,567)	$ (2,066)

The merged company chose to apply the recognition exemption to parking spaces eligible for short-term leases and certain office equipment leases eligible for low-value asset leases, and not to recognize the related right-of-use assets and lease liabilities for these leases.

(9) Lease Agreement - Lessor

A. The asset leased out by the merged company under business lease is the land in the Stone Section of Zhongli. The lease contract is for 3 years. The lease contract is negotiated individually and contains various terms and conditions. In order to preserve the use of the leased assets, the lessee is usually required not to sublease, sublease, and pledge all or part of the subject matter of the lease.

B. The benefits recognized by the merged company based on the operating lease contract are as follows:

	2023	2022
Rental income	$ 76	$ 76

C. The due date analysis of the total lease payments receivable of the merged company leased out under operating leases is as follows:

	December 31, 2023	December 31, 2022
the first year	$ 80	$ 80
the second year	—	80
	$ 80	$ 160

(10) Investment real estate

Investment real estate measured at fair value

		The land
January 1, 2023 balance	$	2,635,533
Additions		17,386
Fair value adjustment benefit		144,066
December 31, 2023 balance	$	2,796,985

		The land
January 1, 2022 balance	$	2,492,956
Fair value adjustment benefit		142,577
December 31, 2022 balance	$	2,635,533

A. On January 27, 2022, the resolution of the board of directors of the merged company passed part of the land located in the Donghua section of Zhubei City, and Taizhan Construction Company to build a factory and office building in the form of joint construction and sub-housing, and signed a real estate contract on March 29, 2022 Joint construction contract, the construction project will be provided by the merged company with land, and Taizhan Construction Company will invest funds to cooperate in the development and construction.

B. In order to build a factory and office building, the Group purchased 5 state-owned lands from the National Property Administration at land lots 4, 7, 10, 12 and 111 of Donghua Section, Zhubei City, Hsinchu County, at the purchase cost of NT $17,386,000.

C. Investment real estate is outsourced and measured at fair value on a recurring basis. The fair value of investment real estate on December 31, 2023 and 2022 was implemented by Cushman &

Wakefield, who is qualified as a real estate appraiser in my country. The real estate appraiser firm Hu Chun-Chun and Cai Jia-He appraised using the land development analysis method. In the real estate valuation reports issued on December 31, 2023 and 2022, the important assumptions are as follows:

	December 31, 2023	December 31, 2022
Estimated Total Sales Amount		
Land No. 033 in Donghua Section and other land	$ 5,151,409	$ 4,917,848
Donghua Section No. 005 and other land	5,265,103	4,921,186
	$ 10,416,512	$ 9,839,034
Profit margin	13%	13%
Capital Interest Composite Rate	3.38% ~ 3.41%	2.94% ~ 2.97%

For such land, after considering relevant laws and regulations, the overall domestic economic outlook, local land use conditions and market conditions, the most effective way to estimate the salable land or building area after development is to estimate the total sales amount.

D. The investment real estate of the merged company has not been leased out or generated income or loss from January 1 to December 31, 2023 and 2022.

E. Please refer to Note 8 for information on guarantees provided by investment real estate.

(11) Short-term borrowings

	December 31, 2023	December 31, 2022
Bank secured borrowings	$ 100,000	$ -
Range of interest rates	2.87%	-

Please refer to Note 8 for Assets's guarantee for Short-term borrowings.

(12) Other payables

	December 31, 2023	December 31, 2022
Payable salary and bonus	$ 3,095	$ 3,241
Interest payable	5,644	3,918
Pension payable	212	236
Labor costs payable	1,265	1,210
Premium payable	523	562
Pay for electricity, water and gas	225	273
Others	2,995	2,112
Total	$ 13,959	$ 11,552

Others under other payables are mainly composed of house tax payable, freight, import and export fees and other payables.

(13) Long-term loans

Guaranteed loan and terms	December 31, 2023	December 31, 2022
Union Bank Of Taiwan Borrowing period:2021.02.05 ~ 2023.02.05 Repayment method: monthly interest payment,One payment at maturity	$ -	$ 2,052,000
Union Bank Of Taiwan Borrowing period:2022.07.07 ~ 2024.05.18 Repayment method: monthly interest payment,One payment at maturity	50,000	50,000
Union Bank Of Taiwan Borrowing period:2022.11.28 ~ 2024.05.18 Repayment method: monthly interest payment,One payment at maturity	50,000	50,000
Union Bank Of Taiwan Borrowing period:2022.02.04 ~ 2024.05.18 Repayment method: monthly interest payment,One payment at maturity	2,052,000	-
Union Bank Of Taiwan Borrowing period:2022.03.01 ~ 2024.05.18 Repayment method: monthly interest payment,One payment at maturity	450,000	-
Total bank borrowings	2,602,000	2,152,000

Guaranteed loan and terms	December 31, 2023	December 31, 2022
Less: portion due within one year	(2,602,000)	(2,052,000)
Long-term borrowing	$ -	$ 100,000
Interest rate range	2.825%～2.870%	2.385%～2.600%

A. The merged company signed a loan contract with the Union Bank Of Taiwan in January 2021, and obtained a medium-term guaranteed loan amount of NT 2,500,000,000 and an export bill of USD 800,000. The maturity date of the loan is 5 February 2023,and the balance of the consolidated company's loans on December 31, 2022 will be NT 2,052,000,000 respectively.

B. The merged company signed a loan contract with Union Bank Of Taiwan in May 2022, and obtained a medium-term guaranteed loan amount of NT 850,000,000 and a short-term guaranteed loan of NT 150,000,000. The maturity date of the loan is 18 May 2024. As of 31 December 2023, the balances of the Group and Short-term borrowings were NT 550,000,000 and NT 100,000,000, respectively. As of 31 December 2022, the balance of Long-term borrowings was NT $100,000,000.

C. The Group signed a loan agreement with Union Bank of Taiwan in January 2023 to obtain a medium-term secured loan line of $2,052,000,000 with the maturity date on 18 May 2024. As of 31 December 2023, the Group’s loan balance was NT 2,052,000,000.

D. The Group signed a loan agreement with Union Bank of Taiwan in May 2023 to obtain a credit line of US $10,000,000 for import letters of credit and US $800,000 for export bills, and the maturity date of the loan is 18 May 2025.

E. Please refer to Note 8 for the assets provided as guarantee for long-term loans.

(14) Other liabilities

	December 31, 2023	December 31, 2022
Current		
Collection on behalf	$ 1,551	$ 1,476
Temporary payment	136	136
Advance payment	76	1,314
Total	$ 1,763	$ 2,926
Non-current		
Employee benefits - other long-term employee benefits	$ 429	$ 315

Employee benefits - other long-term employee benefits are the employees of the merged company who have served for 15 years (inclusive) and every 5 years thereafter,issued a 3.75g gold ring.

(15) Post-retirement benefits plan

A. Determine allocation plan

The merged company formulates employee retirement plans in accordance with the "Labor Pension Regulations". It is a government-managed defined contribution retirement plan, and 6% of employees' monthly salary is allocated to the personal account of the Labor Insurance Bureau. For the years 2023 and 2022, the consolidated company will recognize pension expenses related to the definite allocation plan as NT 1,326,000 and NT 1,402,000, respectively.

B. Defined benefit plan

The pension system operated by the merged company in accordance with my country's "Labor Standards Law" is a defined benefit retirement plan managed by the government. The payment of employee pensions is calculated based on the years of service and the average salary of the six months before the approved retirement date. The merged company originally allocated pensions based on 15% of the total monthly salary of the employees. In December 2020, it changed to provide pensions based on 5% of the total monthly salary of the employees, and handed over to the Labor Retirement Reserve Supervision Committee to deposit in the name of the committee. For the special account of the Bank of Taiwan, before the end of the year, if the estimated balance in the special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be allocated before the end of March of the next year. The special account is entrusted to the Labor Fund Utilization Bureau of the Ministry of Labor to manage, and the merged company has no right to influence the investment management strategy.

The amount of defined benefit plans recognized in the consolidated balance sheet is as follows:

	December 31, 2023	December 31, 2022
Determining the Present Value of Benefit Obligations	$ (19,199)	$ (19,050)
Fair value of planned assets	37,356	36,179
Net defined benefit assets	$ 18,157	$ 17,129

Changes in net defined benefit assets (liabilities) are as follows:

	Determining the Present Value of Benefit Obligations	Fair value of planned assets	Net defined benefit assets
January 1, 2023 balance	$ (19,050)	$ 36,179	$ 17,129
Service cost			
Current service cost	-	-	-
Upfront Service Cost	-	-	-
Interest (expense) income	(238)	455	217
Recognized in profit or loss	(238)	455	217

Remeasure amount			
Remuneration for planned assets (excluding amounts included in interest income or expenses)	-	314	314
Amounts affected by changes in demographic assumptions	-	-	-
Amount affected by changes in financial assumptions	(172)	-	(172)
Experience adjustment	261	-	261
Recognized in other consolidated gains and losses	89	314	403
Contribution to retirement funds	-	408	408
Pay pension	-	-	-
December 31, 2023 balance	$ (19,199)	$ 37,356	$ 18,157

	Determining the Present Value of Benefit Obligations	Fair value of planned assets	Net defined benefit assets
January 1, 2022 balance	$ (21,212)	$ 32,515	$ 11,303
Service cost			
Current service cost	-	-	-
Upfront Service Cost	-	-	-
Interest (expense) income	(106)	164	58
Recognized in profit or loss	(106)	164	58
Remeasure amount			
Remuneration for planned assets (excluding amounts included in interest income or expenses)	-	3,085	3,085
Amounts affected by changes in demographic assumptions	-	-	-
Amount affected by changes in financial assumptions	1,169	-	1,169
Experience adjustment	1,099	-	1,099
Recognized in other consolidated gains and losses	2,268	3,085	5,353
Contribution to retirement funds	-	415	415
Pay pension	-	-	-

December 31, 2022 balance	$ (19,050)	$ 36,179	$ 17,129

The merged company is exposed to the following risks due to the pension system of the Labor Standards Act:

(a) Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-use and entrusted operation methods, but according to the "Labor Standards Law" According to the regulations, the overall return on assets shall not be lower than the 2-year fixed deposit rate of the local bank; if it is lower than the rate, the national treasury shall make up for it.

(b) Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined benefit obligations, but the debt investment return on project assets will also increase accordingly, and the impact of the two on net defined benefit liabilities will have a partial offset effect.

(c) Salary risk: The calculation of the present value of the defined benefit obligation is based on the future salary of the plan members. An increase in plan member salaries will therefore increase the present value of the defined benefit obligation.

The main assumptions of the actuarial evaluation are listed as follows:

	December 31, 2023	December 31, 2022
Discount Rate	1.125%	1.250%
Salary Expected Increase Rate	2.000%	2.000%

Changes in major actuarial assumptions to be adopted on December 31, 2023 and 2022,the amount that would increase (decrease) the present value of the defined benefit obligation is as follows:

December 31, 2023	Actuarial assumptions 0.25% increase	Actuarial assumptions 0.25% reduction
Discount Rate	$ (341)	$ 351
Future salary increase rate	$ 342	$ (334)

December 31, 2022	Actuarial assumptions 0.25% increase	Actuarial assumptions 0.25% reduction
Discount Rate	$ (367)	$ 378
Future salary increase rate	$ 369	$ (360)

The above sensitivity analysis is based on the analysis of the impact of a single assumption change under the condition that other assumptions remain unchanged. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the balance sheet net pension liability. The method used in preparing the sensitivity analysis in this period assumes the same as that of the previous period.

On December 31, 2023 and 2022, the amount allocated to the defined benefit plan and the weighted average duration of the retirement plan within one year after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Expected amount allocated within 1 year	$ 414	$ 414
Determining the average benefit obligation due period	7.2 years	7.8 years

(16) <u>EQUITY</u>

A. Capital stock

	December 31, 2023	December 31, 2022
Authorized capital	$ 2,638,553	$ 2,638,553
Authorized shares (in thousands)	263,855	263,855
Issued share capital	$ 568,343	$ 568,343
Issued and paid shares (in thousands)	56,834	56,834

The issued ordinary shares have a par value of NT 10 each, and each share has one voting right and the right to receive dividends. The above-mentioned issued share capital of NT 568,343,000 includes NT 100,000,000 of private placement ordinary shares. The rights and obligations of the aforementioned private placement ordinary shares are subject to the restrictions on circulation and transfer stipulated by the Securities Exchange Law, and must be three years from the date of stock delivery, and complete the supplementary opening After the issuance procedure, it can only apply for listing and listing, and the rest is the same as other issued ordinary shares.

B. Capital surplus

	December 31, 2023		December 31, 2022	
Only to cover losses				
Recognition of affiliated enterprises using the equity method	$	8,005	$	8,005
Changes in net equity value				
Donated assets		1		1
Others		2		-
	$	8,008	$	8,006

C. Retained earnings and dividend policy

(a) In accordance with the surplus distribution policy of the company's articles of association, if the company has a surplus in its annual final accounts, it shall pay taxes and levies in accordance with the law. After making up for the accumulated losses, another 10% will be raised as the statutory surplus reserve, and the rest will be raised or reversed according to the laws and regulations. Surplus reserve; if there is a surplus, together with the accumulated undistributed surplus, the board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for a resolution on distribution of shareholder dividends.

(b) Based on the overall environment and characteristics of industrial development, the company adopts a fixed and residual dividend policy for sustainable operation, sustainable growth and long-term financial planning. When distributing shareholder dividends, the cash dividends are maintained between 30% and 70%, but can be adjusted according to changes in the internal and external business environment.

(c) The statutory surplus reserve shall not be used except to make up for the company's losses and issue new shares or cash in proportion to the shareholders' original shares. However, if the issue of new shares or cash is issued, the reserve shall exceed 25% of the paid-in capital part is limited.

(d) According to the special surplus reserve listed in Jinguanzhengfazi No. 1010012865 letter dated April 6, 2012, when the company subsequently uses, disposes or reclassifies relevant assets, it will make the original special surplus reserve The proportion of the surplus reserve shall be reversed. If the above-mentioned related assets are investment real estate, the part belonging to the land shall be reversed when it is disposed of or reclassified, and the part other than the land shall be reversed period by period during the period of use. When distributing the surplus, the difference between the net deduction of other equity items recorded on the balance sheet date of the current year and the special surplus reserve provided by IFRSs for the first time should be added to the special surplus reserve. If there is a subsequent reversal of the net deduction of other equity items, the surplus may be distributed on the reversed part of the special surplus reserve.

(e) On March 11, 2024, the company passed the resolution of the board of directors to make up the profit and loss for 2023. For relevant information, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

(f) On June 27, 2023, the company passed the 2022 loss proposal through the resolution of the shareholders' regular meeting.

For the resolutions of the shareholders' general meeting, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

(g) On June 27, 2022, the company passed a resolution to make up for losses in 2021 through the shareholders' regular meeting. For the resolutions of the shareholders' general meeting, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

D. Other equity items

(a) Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses

	2023		2022	
Opening Balance	$	(230,131)	$	(225,924)
Recognized in other comprehensive profit or loss (unrealized gains or losses on financial assets measured at fair value through other comprehensive profit or loss)		1,511		(4,207)
Cumulative unrealized gain (loss) of Equity instruments transferred to Retained earnings due to disposal		(1,994)		-
Ending balance	$	(230,614)	$	(230,131)

(b) Appreciation of real estate revaluation

	2023		2022	
Opening Balance/Ending balance	$	1,781,991	$	1,781,991

E. Treasury stock

(a) Reasons for the repossession of shares and the circumstances of the quantity change:

(Unit: thousand shares)

Reason for withdrawal	2023 Number of shares at the beginning of the period	Recovered in this period	Cancellation in this period	Number of shares at the end of the period
Maintain company credit and shareholder rights and interests	2,533	(10)	-	2,523

Reason for withdrawal	2022 Number of shares at the beginning of the period	Recovered in this period	Cancellation in this period	Number of shares at the end of the period
Maintain company credit and shareholder rights and interests	2,533	—	-	2,533

(b) The company treats the company's stocks purchased by subsidiaries to maintain the company's credit and shareholders' rights and interests as transactions of buying back treasury stocks. The relevant information of the company's stocks held by the subsidiaries on the balance sheet date is as follows:

Subsidiary name	Number of shares held (thousand shares)	Treasury stock carrying amount	Treasury stock market price
December 31, 2023			
Dong ye Investment Co., Ltd.	2,523	$ 80,333	$ 46,660
December 31, 2022			
Dong ye Investment Co., Ltd.	2,533	$ 80,651	$ 32,142

(c) The treasury stocks held by the company shall not be pledged in accordance with the Securities and Exchange Act, nor shall they be entitled to the distribution of dividends and voting rights. Subsidiaries holding the company's stocks are treated as treasury stocks, except that they cannot participate in the company's cash capital increase and have no voting rights, and have the same rights as ordinary shareholders.

(17) Operating income

	2023	2022
Client contract revenue		
Product sales revenue	$ 20,587	$ 20,754

Please refer to Note 4 (12) for the description of revenue from contracts with customers.

Breakdown of customer contract revenue

The merged company uses a single department to measure the performance and resource allocation of the department, and the income comes from a single department.

(18) Net other income and expenses

	2023	2022
Disposal of interests in real estate, plant and equipment	$ 1,215	$ 2,596
Impairment loss on real estate, plant and equipment	(2,181)	-
Total	$ (966)	$ 2,596

(19) Interest income

	2023	2022
Bank deposit interest	$ 3,682	$ 317
Other	8	4
Total	$ 3,690	$ 321

(20) Other income

	2023	2022
Rental income	$ 76	$ 76
Dividend income	3,174	126
Other	23,061	5,427
Total	$ 26,311	$ 5,629

Other is the income from the sale of waste products.

(21) Other gains and losses, net

	2023	2022
Fair value adjustment benefit - investment real estate	$ 144,066	$ 142,577
Foreign currency exchange (loss) gain	(9)	51
Losses on financial assets at fair value through profit or gain(loss)	10,114	(4,906)
Other	(44)	(2)
	$ 154,127	$ 137,720

(22) Finance costs

	2023	2022
Bank loan interest	$ 70,428	$ 43,820
Interest on the lease liability	319	329
Total	$ 70,747	$ 44,149

(23) Additional information on the nature of fees

A. The employee benefits, depreciation and amortization expenses incurred in the current period are summarized as follows:

Nature \ Function	2023		
	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefit expenses			
Salary costs	$ 1,416	$ 40,259	$ 41,675
Labor health insurance cost	136	3,290	3,426
Pension costs	60	1,049	1,109
Other employee benefit expenses	71	1,821	1,892
Depreciation expense	34	4,191	4,225
Amortization cost	-	-	-

Nature \ Function	2022		
	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefit expenses			
Salary costs	$ 1,042	$ 41,193	$ 42,235
Labor health insurance cost	138	3,359	3,497
Pension costs	63	1,281	1,344
Other employee benefit expenses	61	1,235	1,296
Depreciation expense	3	3,008	3,011
Amortization cost	-	-	-

B. Employee welfare expenses

(a) The company allocates no less than 1% and no more than 5% for employee remuneration and director remuneration based on the pre-tax benefits before deducting the distribution of employee and director remuneration in the current year.

(b) As of December 31, 2023 and 2022, the company has losses to be made up, and there is no surplus to distribute. Therefore, there is no estimate of payable employee remuneration and director remuneration for 2023 and 2022.

(c) Information about employee remuneration and director remuneration approved by the company's board of directors can be found at the Public Information Observatory.

(24) Income tax

A. The income tax (benefit) expenses recognized in the profit and loss of the merged company in 2023 and 2022 are adjusted as follows:

	2023	2022
Net profit (loss) before tax according to statutory tax rate Calculated income tax (20%)	$ 8,156	$ 4,219
Income tax impact of items excluded according to tax law	(26,691)	(3,265)
Exempt income	(635)	(25)
Income tax impact of loss deduction	29,923	(929)
Amount affected by temporary differences in the current period	(10,572)	-
land appreciation tax	(8)	(645)
Income Tax (Benefit) Expenses	$ 173	$ (645)

The main components of income tax (benefit) expenses recognized in profit or loss are as follows:

	2023	2022
Current income tax		
Produced in this period	$ 181	$ -
Deferred income tax		
Occurrence and reversal of temporary differences	(8)	(645)
Income tax (benefit) expense recognized in profit or loss	$ 173	$ (645)

B. The details of the income tax recognized in other comprehensive profit and loss of the consolidated company in 2023 and 2022 are as follows:

	2023	2022
Deferred income tax		
Determining benefit actuarial gains and losses	$ 81	$ 1,070
Recognized in other comprehensive income or loss Income tax	$ 81	$ 1,070

C. Current income tax assets

	December 31, 2023	December 31, 2022
Tax refund receivable	$ 218	$ 34

D. Deferred income tax assets and liabilities

(a) The analysis of deferred income tax assets is as follows:

	2022			
	Opening balance	Recognized in profit or loss	Recognized in other consolidated gains and losses	Ending balance
Temporary difference				
Defined Benefit Plan Remeasurement Number	$ 812	$ -	$ (812)	$ -

(b) The analysis of deferred income tax liabilities is as follows:

	2023			
	Opening balance	Recognized in profit or loss	Recognized in other consolidated gains and losses	Ending balance
Temporary difference				
Land Gain Tax Preparation	$ 474,778	$ (8)	$ -	$ 474,770
Defined Benefit Plan Remeasurement Number	258	-	81	339
	$ 475,036	$ (8)	$ 81	$ 475,109

	2022			
	Opening balance	Recognized in profit or loss	Recognized in other consolidated gains and losses	Ending balance
Temporary difference				
Land Gain Tax Preparation	$ 475,423	$ (645)	$ -	$ 474,778
Defined Benefit Plan Remeasurement Number	-	-	258	258
	$ 475,423	$ (645)	$ 258	$ 475,036

E. Items not recognized as deferred income tax assets

	December 31, 2023	December 31, 2022
Loss deductible amount	$ 2,173,303	$ 2,043,180
Amount of temporary difference	$ 401,576	$ 451,500

The loss of the merged company can be deducted, and the last deductible year is 2033.

F. As of December 31, 2023, the undeducted losses of the merged company and the deduction period are as follows:

Year of occurrence	Declared number/approved number	Due year	Loss deduction
2014	Approved amount	2024	$ 163,638
2015	Approved amount	2025	255,318
2016	Approved amount	2026	182,790
2017	Approved amount	2027	375,788
2018	Approved amount	2028	238,402
2019	Approved amount	2029	226,502
2020	Approved amount	2030	231,717
2021	Approved amount	2031	206,888
2022	Declared amount	2032	142,643
2023	Provisional amount	2033	149,617
			$ 2,173,303

G. The income tax assessment of the company and its domestic subsidiaries for profit-making enterprises is as follows:

Company Name	Approved year
The company	2021
Dong ye Investment Co., Ltd.	2021

(25) Earnings per share

	2023	2022
Basic earnings per share (NT)	$ 0.74	$ 0.40

The weighted average number of ordinary shares used to calculate basic earnings per share is as follows:

	2023	2022
Net profit attributable to owners of the parent company ($1,000)	$ 39,981	$ 21,817
Calculate the weighted average number of ordinary shares (thousand shares) of basic earnings (losses) per share	54,306	54,301
Basic earnings per share (NT)	$ 0.74	$ 0.40

(26) Cash flow information

A.Changes in liabilities from financing activities

	Short-term loan	Long term loan	Lease liability	Total liabilities from financing activities
January 1, 2023	$ -	$ 2,152,000	$ 15,048	$ 2,167,048
Changes in financing cash flow	100,000	450,000	(1,831)	548,169
December 31, 2023	$ 100,000	$ 2,602,000	$ 13,217	$ 2,715,217

	Long term loan	Lease liability	Total liabilities from financing activities
January 1, 2022	$ 39,981	$ 17,089	$1,859,089
Changes in financing cash flow	310,000	(1,390)	308,610
Other non-cash changes	-	651	651
December 31, 2022	$2,152,000	$ 15,048	$2,167,048

(27) Capital risk management

The combined company conducts capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

(28) Financial Instruments

A. Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Cash	$ 827,635	$ 447,724
Financial assets at fair value through profit or loss	104,971	95,094
Financial assets at fair value through other comprehensive income or loss	5,181	7,331
Other receivables	94	248
Refundable deposits	7,338	7,338
Financial liabilities		
Short-term borrowings	100,000	-
Notes Payable	61	105
Other payables	13,959	11,552
Long-term loans (including the portion due within one year)	2,602,000	2,152,000

B. Financial risk management

The main financial instruments of the merged company include cash, equity investment and loans. The financial management department of the merged company provides services for each business unit, coordinates operations in the domestic and international financial markets, and monitors and manages financial risks related to the operations of the merged company by analyzing internal risk reports based on risk levels and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

(a) Market risk

The main financial risks borne by the combined company's operating activities are foreign currency exchange rate change risk, interest rate change risk and other price change risks. There is no change in the merged company's exposure to financial instrument market risk and the way it manages and measures such exposure.

a-1. Exchange rate risk

The merged company is engaged in sales denominated in foreign currencies, and about 24% of the sales are not denominated in the functional currency of the transaction entity. The merged company is mainly affected by the fluctuation of the US dollar exchange rate.

(i) The merged company has no significant foreign currency financial assets and liabilities.

(ii) The merged company has no significant unrealized foreign currency exchange (loss) gains.

a-2. Interest Rate Risk

The carrying amount of the financial assets and financial liabilities of the consolidated company subject to interest rate exposure on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- financial liabilities	$ 13,217	$ 15,048
Cash flow interest rate risk		
- financial assets	$ 826,728	$ 426,831

	December 31, 2023	December 31, 2022
- financial liabilities	2,702,000	2,152,000

The sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating rate liabilities, the method of analysis is to assume that the amount of liabilities outstanding at the balance sheet date was all outstanding during the reporting period. The rate of change used when reporting interest rates internally to key management within the Group is a 25 basis point increase or decrease in interest rates and represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases or decreases by 25 basis points, and all other variables remain unchanged, the combined company’s net loss before tax from January 1 to December 31, 2023 and 2022 will increase or decrease by NT 4,688,000 and NT 4,313,000, mainly due to floating rate borrowings of the merged company.

a-3. Other Price Risks

The merged company has equity price risk due to investment in equity securities listed on the counter. Merger company management manages risk by holding a portfolio of different risky investments.

Sensitivity analysis is carried out based on the equity price exposure on the balance sheet date.

If the equity price rises or falls by 5%, the pre-tax other comprehensive income from January 1 to December 31, 2023 and 2022 will increase respectively due to the increase or decrease in the fair value of financial assets measured at fair value through other comprehensive income Or reduce NT 0 and NT 186,000; Pre-tax profit for the years ended 31 December 2023 and 2022 would have increased or decreased by NT 59,000 and NT 0, respectively, as a result of the changes in fair value of Fair value Financial Assets.

(b) Credit risk

Credit risk refers to the risk that the counterparty defaults in contractual obligations and causes financial losses to the Group. As of the balance sheet date, the largest credit risk exposure of the merged company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the book value of financial assets recognized in the consolidated balance sheet.

In order to mitigate credit risk, the management of the merged company assigned a dedicated team to be responsible for the determination of credit line, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the merged company will review the recoverable amount of receivables one by one on the balance sheet date to ensure that unrecoverable receivables have been appropriately derogated. As of December 31, 2023 and 2022, the accounts receivable are both NT 0.

(c) Liquidity risk

The combined company manages and maintains sufficient cash and cash equivalents to support the group's operations and mitigate the impact of cash flow fluctuations. The management of the merged company supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

c-1. Liquidity and interest rate risk table for non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest) based on the earliest date on which the combined company can be required to repay. Therefore, the bank loans that the merged company can be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the bank's immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date .

	December 31, 2023					
	Demand immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	over 5 years	Total
Non-derivative financial liabilities						
No interest bearing liabilities	$ 10,524	$ 1,805	$ 1,691	$ -	$ -	$ 14,020
Lease liability	179	358	1,613	6,452	5,627	14,229
Floating Rate Instrument	6,425	12,850	2,721,274	-	-	2,740,549
	$ 17,128	$ 15,013	$ 2,724,578	$ 6,452	$ 5,627	$ 2,768,798

	December 31, 2022					
	Demand immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	over 5 years	Total
Non-derivative financial liabilities						
No interest bearing liabilities	$ 9,153	$ 552	$ 1,952	$ -	$ -	$ 11,657
Lease liability	179	358	1,613	6,451	7,778	16,379
Floating Rate Instrument	4,625	2,056,842	1,950	100,965	-	2,164,382
	$ 13,957	$ 2,057,752	$ 5,515	$ 107,416	$ 7,778	$ 2,192,418

c-2. Financing Amount

	December 31, 2023	December 31, 2022
Secured bank borrowing limit		
- Amount used	$ 2,702,000	$ 2,152,000
- Unused amount	350,000	1,348,000
	$ 3,052,000	$ 3,500,000

(29) Fair value information

A. The book value of financial instruments (including cash, other receivables, deposits, other payables and long-term loans) measured by the amortized cost of the merged company is a reasonable approximation of the fair value.

B. The definitions of each level of evaluation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: In addition to publicly quoted prices included in Level 1, fair value is derived from inputs that are directly (that is, prices) or indirectly (that is, derived from prices) observable for the asset or liability.

Level 3: The fair value is derived from input values of assets or liabilities that are not based on observable market data (unobservable input values).

C. Financial and non-financial instruments measured at fair value on December 31, 2023 and 2022,the merged company is classified according to the nature, characteristics, risk and fair value level of assets and liabilities. The relevant information is as follows:

	December 31, 2023			
Recurring fair value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current	$ 1,186	$ -	$ -	$ 1,186
Financial assets at fair value through profit or loss - non-current	$ -	$ -	$ 103,785	$ 103,785
Financial assets at fair value through other comprehensive income - non-current	$ -	$ -	$ 5,181	$ 5,181
Investment real estate	$ -	$ -	$ 2,796,985	$ 2,796,985

	December 31, 2022			
Recurring fair value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - non-current	$ -	$ -	$ 95,094	$ 95,094
Financial assets at fair value through other comprehensive income - current	$ 3,728	$ -	$ -	$ 3,728
Financial assets at fair value through other comprehensive income - non-current	$ -	$ -	$ 3,603	$ 3,603
Investment real estate	$ -	$ -	$ 2,635,533	$ 2,635,533

D. Evaluation techniques and assumptions used to measure fair value

(a) Fair value evaluation techniques for financial instruments that are not measured at fair value

Instruments of the consolidated company that are not measured at fair value are all financial assets and financial liabilities measured at cost after amortization. When estimating the fair value of such financial instruments, if there is quotation information from transaction or market makers, the most recent The transaction price and quotation data are used as the basis for assessing the fair value. If there is no market value for reference, it shall be estimated by evaluation method. The estimates and assumptions used in the valuation method are the discounted present value of the cash flows to estimate the fair value.

(b) Fair value evaluation technology for measuring financial instruments at fair value

If there is a public quotation in an active market for financial instruments, the public quotation in the active market shall be used as the fair value. The market prices announced by major exchanges and over-the-counter trading centers are the basis of the fair value of listed (over-the-counter) equity instruments and public quotations in active markets.

If public quotations of financial instruments can be obtained timely and frequently from exchanges, brokers, underwriters, industry associations, pricing service agencies or competent authorities, and the prices represent actual and frequently occurring fair market transactions, the financial instruments There are open quotations in the active market. If the above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or very little trading volume are indicators of an inactive market.

The financial instruments held by the merged company are classified according to the evaluation sources used to determine the fair value as follows:

Financial instruments with an active market: domestic listed stock investment, whose fair value is determined with reference to market quotations.

Financial instruments without an active market: domestic unlisted (OTC) stock investment, whose fair value is estimated using the market comparable company method, the main assumption is based on the net profit or net equity value of the investee and comparable listed (OTC) companies The multiplier derived from the market quotation is used as the basis for measurement. This estimate has adjusted for the discount effect of the lack of market liquidity of the equity securities.

For private equity fund investment, the fair value is estimated using the net asset value method. The total value of individual assets and individual liabilities covered by the target is assessed to reflect the overall value of the target, and the impact of discounts on liquidity is considered.

(c) Fair value evaluation techniques for measuring non-financial instruments at fair value

The fair value evaluation technology of the investment real estate that is measured by the fair value of the merged company is calculated by entrusting an external appraiser and adopting the land development analysis method in accordance with the provisions of the financial report preparation standards for securities issuers.

The estimated total sales amount is based on the collection of similar product planning and selling prices in the same supply and demand circle and neighboring areas as the basis for disclosure, and the fair value of the area is calculated based on the comparison and adjustment of the individual conditions of each base, and the overall fair value of the entire area is estimated Of.

For such land, after considering relevant laws and regulations, the overall domestic economic outlook, local land use conditions and market conditions, the most effective use is made to estimate the land or building area that can be sold after development, and the total sales amount is estimated. Fair value will increase when the estimated total amount of sales increases, profit margins increase, or the combined interest rate on capital decreases.

E. There is no transfer of the fair value hierarchy of financial assets from January 1 to December 31, 2023 and 2022.

F. The detailed list of changes in the level 3 is as follows:

	January 1 - December 31, 2023				
	Opening balance	Purchase this issue	Recognized in profit or loss	Recognized in other comprehensive income or loss	Ending balance
Financial assets at fair value through profit or loss	$ 95,094	$ -	$ 8,691	$ -	$ 103,785
Financial assets at fair value through other comprehensive income	$ 3,603	$ -	$ -	$ 1,578	$ 5,181
Investment real estate	$ 2,635,533	$ 17,386	$ 144,066	$ -	$ 2,796,985

	January 1 - December 31, 2022				
	Opening balance	From real estate, plant and equipment	Recognized in profit or loss	Recognized in other comprehensive income or loss	Ending balance
Financial assets at fair value through profit or loss	$ -	$ 100,000	$ (4,906)	$ -	$ 95,094
Financial assets at fair value through other comprehensive income	$ 8,133	$ -	$ -	$ (4,530)	$ 3,603
Investment real estate	$ 2,492,956	$ -	$ 142,577	$ -	$ 2,635,533

G. Quantitative information on the fair value measurement of significant unobservable input values (level 3). The fair value measurement of the consolidated company is classified as level 3, which mainly includes financial assets measured at fair value through profit and loss - Funds Investment, through other Financial assets measured at fair value for comprehensive profit and loss - equity securities investment and investment real estate. The list of quantitative information with significant unobservable input values is as follows:

Item	Evaluation technique	Significant unobservable input value	Relationship between significant unobservable input value and fair value
Financial assets measured at fair value through profit and loss - fund benefit certificates without an active market	Net Asset Value Method	Liquidity discount	The higher the discount rate, the lower the fair value
Financial assets measured at fair value through other comprehensive income - equity instrument investments without an active market	Comparable Listed OTC Companies Act	Weighted average equity multiplier and consider liquidity discount	The higher the multiplier, the higher the fair value; the higher the discount rate, the lower the fair value
Investment real estate	Discounted cash flow method	Long-term revenue growth rate and discount rate (Note)	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

Note: For the discount rate range, please refer to Note 6 (10).

H. For the level 3 of fair value measurement, the sensitivity analysis of fair value to reasonable and possible alternative assumptions

It is reasonable for the merged company to measure the fair value of financial instruments, but if different evaluation models or evaluation parameters are used, the evaluation results may be different. For financial instruments classified as Level 3, if the evaluation parameters change, the impact on current profit and loss or other comprehensive profit and loss is as follows:

	Input value	Move up or down	Changes in fair value Reflected in current profit and loss		Changes in fair value Reflected in other comprehensive income and loss	
			Favorable change	Adverse change	Favorable change	Adverse change
December 31, 2023						
Financial assets at fair value through profit or loss						
Fund benefit certificates without an active market	Liquidity discount	±5%	5,189	(5,189)	-	-
Financial assets at fair value through other comprehensive income or loss						
Investment in equity instruments without an active market	Net ratio multiplier	±5%	-	-	259	(259)
December 31, 2022						
Financial assets at fair Value through profit or Loss						
Fund benefit Certificates without an active market	Liquidity discount	±5%	4,755	(4,755)	-	-
Financial assets at fair value through other comprehensive income or loss						
Investment in equity instruments without an active market	Net ratio multiplier	±5%	-	-	180	(180)

Favorable and unfavorable changes in the combined company refer to fluctuations in fair value, which are calculated using evaluation techniques based on varying degrees of unobservable input parameters.

7. RELATED PARTY TRANSACTIONS

Intercompany transactions, account balances, income and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore those items are not disclosed in this note. Except the items disclosed in the note, the following is a summary of transactions between the Company and other related parties

(1) Name and relationship of related parties

Related Party Name	Relationship with the Group
Cung Ling Co., Ltd.	Substantive related party (Its chairman the chairman of the Company are in first degree of

Related Party Name	Relationship with the Group
	kinship)
Lin, Cunang-Ju	management personnel (Chairman of the Company)
Lin, Ho-Hui	management personnel (Director of the Compnay)

(2) Significant transactions with the related parties

A.Operating cost

Account	Name of related party	2023	2022
Operating cost - unloading fee	Cung Ling Co., Ltd.	$ 35	$ 38

Operating cost - The unloading fee is the expenditure for unloading the imported goods entrusted by the Company to Cung Ling Co., Ltd.

B.Operating expense

Account	Name of related party	2023	2022
Operating expense - export fee	Cung Ling Co., Ltd.	$ 59	$ 28

Operating expense - export fee are the expenditure that the Company entrusted Cung Ling Co., Ltd. to be responsible for the delivery of finished products.

C. Notes payable

Name of related party	December 31, 2023	December 31, 2022
Cung Ling Co., Ltd.	$ 19	$ 38

D. Guarantee status

The Company has signed a loan contract with the bank from January 1 to December 31 in 2023 and 2022, with chairman Lin, Cunang-Ju, and Director Lin, Ho-Hui acting as joint guarantors.

(3) Compensation of key management personnel

The compensation to directors and other key management personnel were as follows: ：

	2023	2022
Short-term employee benefits	$ 21,171	$ 22,471
Post-employment benefits	(47)	(11)
	$ 21,124	$ 22,460

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

8. PLEDGED ASSETS

		Book Value	
Item	Description	December 31, 2023	December 31, 2022
Property, plant and equipment	Provided by the Company as collaterals to financial institutions	$ 600,513	$ 600,513
Investment property	〃	2,775,954	2,635,533
Total		$ 3,376,467	$ 3,236,046

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Company as of balance sheet date, excluding those disclosed in other notes, were as follows:

(1) The balance of the unused letters of credit issued by the Company for imported raw materials is listed as follows:

Currency	Decoember 31, 2023	Decoember 31, 2022
USD	$ 1	$ 85

(2) As of December 31, 2023, and 2022, the amount of a promissory note was issued by the Company to obtain a comprehensive credit

line from a financial institution is as follows:

Currency	Decoember 31, 2023	Decoember 31, 2022
NTD	$ 3,086,564	$ 3,510,000

10. LOSSES DUE TO MAJOR DISASTERS:None.

11. SIGNIFICANT SUBSEQUENT EVENTS:None.

12. OTHERS MATTERS:None.

13. ADDITIONAL DISCLOSURES

All significant transactions and balances between the parent company and the subsidiary have been eliminated while preparing the consolidated financial report.

(1) Information at significant transactions：

A. Financings provided to others: None.

B. Endorsement/guarantee provided for others: None.

C. Holding of securities at the end of the period: See Table 1 attached;

D. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: None.

E. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

H. Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

I. Trading in derivative instruments: None.

J. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: None.

(2) Information on investees:

Investee's name, location and other relevant information: See Table 2, attacned.

(3) Information on investments in the Mainland Area: None.

(4) Information on major shareholders:

List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 3, attached.

14. SEGMENT INFORMATION

(1) General information

The main business of the Company is engaged in the manufacture or reprocessing of "polyacrylonitrile synthetic fiber". The Company is established as a single major operating segments by the chief operating decision maker of the Company based on the overall operating results as the basis for evaluating performance. In 2023 and 2022, the operating segments information is consistent with the information in the financial statements.

(2) Information about reportable segments and their measurement and reconciliations

The profit and loss, assets and liabilities of the Group’s divisions are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and comprehensive income statement.

(3) Geographic information

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 15,549	$ 3,506,345	$ 15,796	$ 3,295,719
China	5,038	-	4,958	-
Total	$ 20,587	$ 3,506,345	$ 20,754	$ 3,295,719

A. In presenting information on the basis of geography, segment revenue is based on the geographical location of receiving region,

B. Non-current assets exclude financial instruments, guarantee deposits paid, deferred income tax assets and net defined benefit asset

(4) Major customers information

The revenue from customers which amounts to more than 10% of the Group’s total revenue in 2023 and in 2022 are as follows

	2023	2022
Compnay A	$ 5,038	$ 4,958
Compnay B	4,417	-
Compnay C	3,607	2,108
Compnay D	2,916	3,759
Compnay E	2,268	2,164
Compnay F	-	2,296
	$ 18,246	$ 15,285

Table 1

TongHwa Corporation and Subsidiaries
MARKETABLE SECURITIES HELD
DECEMBER 31, 2023

Unit：Thousands of New Taiwan Dollars；shares

Held Company Name	Marketable Securities Type and Name（Note1）	Relationship with the Company	Financial Statement Account	December 31, 2023				Remark
				Shares / Units	Book Value	Percentage of Ownership%	Market price / Net Euaity Value	
	Stocks							
TongHwa Corporation	Taiwan Semiconductor Manufacturing Company Limited	None	Financial assets at fair value through profits and losses-current	2,000	$ 1,186	-	$ 1,186	Note 2
〃	Tai Ling Textile Co., Ltd.	The Chairman is the director of the Compnay	Financial assets at fair value through other comprehensive income-Non-current	58,428	4,912	19.48	4,912	Note 3
〃	Hsin chu Golf Club Co., Ltd.	None	〃	3	269	0.35	269	Note 4
	Funds							
〃	Union Green Engery rivate Equity Limited Partnership	None	Financial assets at fair value through profits and losses- Non-current	-	103,785	4.67	103,785	Note 4
DongYe Investment Co., Ltd.	TongHwa Corporation	The Compnay	Financial assets at fair value through other comprehensive income-Non-current	2,522,865	51,845	4.46	51,845	Note 5

Note 1：The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from such items, that are within the scope of IFRS 9 "Financial Instruments".

Note 2： The market price of a listed company's stock refers to the closing price on December 31, 2023.

Note 3： The settlement basis is based on the self-consolidated statements of investees and the average share price-to-net value ratio of listed companies in the textile fibers industry.

Note 4：The settlement basis is based on the available financial information to investees

Note 5：Reconciliated in the preparation of the consolidated report.

Table 2

TongHwa Corporation and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023

Unit：Thousands of New Taiwan Dollars；shares

Investor Company	Investee Company (Note 1)	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Profit (loss) for current period of the investee company (Note 1(2))	Profit (loss) recognized for current period (Note 1(3))	Remark
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership %	Book Value			
TongHwa Corporation	DongYe Investment Co., Ltd.	12F.-1, No. 8, Ziqiang S. Rd., Zhubei City, Hsinchu County, Taiwan	Investment	$ 95,400	$ 95,400	5,490,000	90.00	$ 89	$ (75)	$ (67)	Subsidiary
〃	MRS company	9F, No. 56, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	Residence and Buildings Lease Construction	450,000	-	45,000,000	100.00	450,724	724	724	Subsidiary
〃	Donghua Leasing Co., Ltd.	No. 125, Taihe Village, Zhubei City, Hsinchu County	Car rental	15,000	-	1,500,000	100.00	14,977	(23)	(23)	Subsidiary
〃	Cetech Co., Ltd.	No. 48, Xuetian Rd., Wuri Dist., Taichung City , Taiwan	Processing, manufacturing and retailing of carbon paper, carbon cloth and carbon fiber cloth	30,000	30,000	3,000,000	12.44	9,586	10,781	1,341	Associates

Note 1：(1) For "Investee Company", "Location", "Main Businesses and Products", "Original Investment Amount" and "Balance as of December 31, 2021" columns, the information should be filled out in order in accordance with the investment circumstances of the public company or the investment circumstances of each directly or indirectly controlled investee company. The relationship between each investee company and the public company should also be indicated in the note column, such as subsidiary or second-tier subsidiary.

(2) The "Profit and loss for current period of the investee company" column should be filled in with the current profit and loss amount of each investee company.

(3) The "Profit and loss recognized for current period" column should only be filled in the amount of profits and losses of the public Company’s direct investment in subsidiaries and the amount of profit and loss of each investee company measured by using the equity method. The rest is not required. When filling in the "Profit and loss recognized for current period" column, we should confirm that the current profit and loss of each subsidiary already includes the investment profit and loss of its investees required to be recognized by laws.

Note 2：The above investments were offset as consolidated financial statements were prepared by the parent and subsidiaries .

Table 3

TongHwa Corporation
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Stock / Major Shareholders	Total Shares Owned (Shares)	Ownership Percentage
Chung Ling Co., Ltd.	20,909,364	36.79％
Ninghan Development Co., Ltd.	3,890,445	6.84％

Note 1：This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's ordinary and special stocks, including treasury stocks, completed the process of registration and book-entry delivery in dematerialized from on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2：As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee, who opened the trust account, in accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.

V. The parent company only financial statement certified by a CPA for the year ended December 31, 2023

Independent Auditors' Report

To the Board of Directors and Shareholders of TongHwa Corporation

(formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Stand-alone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountants 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 based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the stand-alone financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the stand-alone 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 of the stand-alone financial statements for the year ended December 31, 2023 are as follows:

Fair Value Measurement of Investment Properties

For the accounting policies related to investment property, refer to Notes 4 (9) and 5 to the stand-alone financial statements; for the accounting evaluation and assumptions of uncertainty related to investment property, refer to Note 5 to the stand-alone financial statements; for more information related to investment property, refer to Notes 6 (10).

The investment property of TongHwa Corporation was measured using the fair value method. To support the management's reasonable estimation, the Company used an independent appraisal institution's valuation report. Due to the selected evaluation method and parameters involved in the appraisal, which requires significant judgment and estimation, it is considered a key audit matter.

We performed the corresponding audit procedures as follows:

1. We evaluated the professional capability, competency, and independency of the real estate appraisers from the external joint appraiser firm entrusted by the management, and verify their qualifications.
2. Our firm has appointed a third-party real estate valuation expert to review the appraisal report of fair value, to understand whether the valuation methods and assumptions comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Regulations on Real Estate Appraisal. We have also evaluated the relevance and reliability of the data sources and key parameters used in the appraisal report, such as the capitalization rate and discount rate, and confirmed the reasonableness of the appraisal results.

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

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

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

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

Auditors' Responsibilities for the Audit of the Stand-alone Financial Statements

Our objectives are to obtain reasonable assurance about whether the stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the stand-alone 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 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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the stand-alone 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 Company to express an opinion on the stand-alone 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 stand-alone 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 audit resulting in this independent auditors' report are Peng, Li-Chen and Wu, Hsin-Liang.

B a k e r T i l l y C l o c k & C O

Accountant: ____________________

Peng Li-Chen

Accountant: ____________________

Wu Hsin-Liang

Approval Number: Financial Supervisory Commission Securities and Futures Bureau Audit Approval No. 09600000880

Financial Supervisory Commission Securities and Futures Bureau Review Letter No. 1050025873

D a t e : M a r c h 1 1 , 2 0 2 4

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)
Standalone Balance Sheets
December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Code	Assets / Item	Notes	2023/12/31 Amount	%	2022/12/31 Amount	%
	Current assets					
1100	Cash	IV, VI (1)	$ 361,218	8	$ 447,692	12
1110	Current financial assets at fair value through profit or loss	IV, VI (2)	1,186	—	—	—
1120	Current financial assets at fair value through other comprehensive income	IV, VI (3)	—	—	3,728	—
1200	Other receivables	VII	594	—	248	—
1220	Income tax assets for the current period	IV, VI (24)	216	—	34	—
130x	Inventories	IV, VI (4)	3,459	—	7,474	—
1410	Prepayments	VI (5)	5,307	—	8,370	—
1470	Other current assets		89	—	52	—
11xx	Total current assets		372,069	8	467,598	12
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	IV, VI (2)	103,785	2	95,094	3
1517	Non-current financial assets at fair value through other comprehensive income	IV, VI (3)	5,181	—	3,603	—
1550	Investments accounted for using equity method	IV, VI (6)	475,376	11	8,245	—
1600	Property, plant and equipment	IV, VI (7), VIII	686,167	17	637,176	16
1755	Assets	IV, VI (8)	12,900	—	14,765	—
1760	Investment property	IV, VI (10), VIII	2,796,985	62	2,635,533	68
1975	Net defined benefit Assets-non-current	IV, VI (15)	18,157	—	17,129	1
1990	Guarantee deposits paid		7,338	—	7,338	—
15xx	Total non-current assets		4,105,889	92	3,418,883	88
1xxx	Assets Total		$ 4,477,958	100	$ 3,886,481	100

(Continued)

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)
Standalone Balance Sheets (Continued)
December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Liabilities and Equity		Notes	2023/12/31		2022/12/31	
Code	Item		Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	VI (11) XVIII	$ 100,000	3	$ —	—
2150	Notes payable	VII	61	—	105	—
2200	Other payables	VI (12)	13,834	—	11,482	—
2280	Liabilities-current	IV, VI (8)	1,873	—	1,831	—
2320	Long-term borrowings due within one year	VI (13), VIII	2,602,000	58	2,052,000	53
2399	Other current liabilities	VI (14) XVII	1,763	—	2,926	—
21xx	Total current liabilities		2,719,531	61	2,068,344	53
	Non-current liabilities					
2540	Long-term borrowings	VI (13), VIII	—	—	100,000	3
2570	Deferred tax liabilities	IV, VI (24)	475,109	11	475,036	12
2580	Liabilities-Non-current	IV, VI (8)	11,344	—	13,217	—
2650	Credit balance of investments accounted for using equity method	IV, VI (6)	—	—	34	—
2670	Other non-current liabilities	VI (14)	433	—	315	—
25xx	Total non-current liabilities		486,886	11	588,602	15
2xxx	Liabilities Total		3,206,417	72	2,656,946	68
	Equity	VI (16)				
3100	Share capital		568,343	12	568,343	15
3200	Capital surplus		8,008	—	8,006	—
	Retained earnings					
3320	Special reserve		1,560	—	1,560	—
3350	Unappropriated accumulated deficit		(777,414)	(17)	(819,583)	(21)
3400	Other equity interest		1,551,377	35	1,551,860	40
3500	Treasury shares		(80,333)	(2)	(80,651)	(2)
3xxx	Equity Total		1,271,541	28	1,229,535	32
	Total Liabilities and Equity		$ 4,477,958	100	$ 3,886,481	100

（Please refer to the Note accompanying to the standalone financial statements）

Chairman: Lin Chuang-Ru　　Manager: Lin Chuang-Ye　　Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)
Standalone Statements of Comprehensive Income
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Code	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	IV, VI (17)	$ 20,587	100	$ 20,754	100
5000	Operating costs	VI (4, 23), VII	(16,674)	(81)	(27,919)	(135)
5900	Gross profit from operations (loss)		3,913	19	(7,165)	(35)
6000	Operating expenses	VI (23), VII				
6100	Selling expenses		(24,858)	(121)	(24,045)	(116)
6200	Administrative expenses		(52,152)	(253)	(51,421)	(248)
	Total operating expenses		(77,010)	(374)	(75,466)	(364)
6500	Other income and net expenses	VI (18)	(966)	(5)	2,596	13
6900	Net operating loss		(74,063)	(360)	(80,035)	(386)
7000	Non-operating income and expenses					
7100	Interest revenue	VI (19)	1,854	9	321	2
7010	Other income	VI (20), VII	26,827	130	5,629	27
7020	Other gains and losses	VI (21)	154,127	749	137,720	664
7050	Finance costs	VI (22)	(70,747)	(344)	(44,149)	(213)
7060	Share of profit of subsidiaries and associates accounted for using Equity	IV	1,975	10	1,686	8
	Total non-operating income and expenses		114,036	554	101,207	488
7900	Net profit before tax		39,973	194	21,172	102
7950	income tax	IV, VI (24)	8	—	645	3
8200	Net Profit		39,981	194	21,817	105
8300	Other comprehensive income					
8310	Item that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans	VI (15)	403	2	5,353	26
8316	Unrealized gains (losses) from investments in Other comprehensive income based on Fair value's Equity	VI (16)	1,511	7	(4,207)	(20)
8349	Amendments to Item in relation to income tax that will not be reclassified to profit or loss	IV, VI (24)	(81)	—	(1,070)	(5)
	Other comprehensive income		1,833	9	76	1
8500	Total comprehensive income		41,814	203	21,893	106
	Earnings per share (NT $)	VI (25)				
9750	Basic earnings per share		$0.74		$0.40	

（Please refer to the Note accompanying to the standalone financial statements）

Chairman:Lin Chuang-Ru   Manager:Lin Chuang-Ye Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)
Standalone Statements of Changes in Equity
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Item	Share capital	Capital surplus	Retained earnings		Other equity interest Item.		Treasury shares	Equity Total
			Special Surplus reserves	Unappropriated accumulated deficit	Through Other total Financial assets at fair value through profit or loss Fair value Assets Unrealized profit or loss	Real estate Revaluation surplus		
Balance at 1 January 2022	$ 568,343	$ 8,006	$ 1,560	$ (845,683)	$ (225,924)	$ 1,781,991	$ (80,651)	$ 1,207,642
Net Profit	—	—	—	21,817	—	—	—	21,817
Other comprehensive income	—	—	—	4,283	(4,207)	—	—	76
Total comprehensive income	—	—	—	26,100	(4,207)	—	—	21,893
Balance as of 31 December 2022	$ 568,343	$ 8,006	$ 1,560	$ (819,583)	$ (230,131)	$ 1,781,991	$ (80,651)	$ 1,229,535
Balance at 1 January 2023	$ 568,343	$ 8,006	$ 1,560	$ (819,583)	$ (230,131)	$ 1,781,991	$ (80,651)	$ 1,229,535
Net Profit	—	—	—	39,981	—	—	—	39,981
Other comprehensive income	—	—	—	322	1,511	—	—	1,833
Total comprehensive income	—	—	—	40,303	1,511	—	—	41,814
Disposal of parent company shares by subsidiaries Transaction of treasury shares	—	—	—	(128)	—	—	318	190

Disposal of investments accounted for under Other comprehensive income Fair value-Equity	—	—	—	1,994	(1,994)	—	—	—
Arising from exercise of right of inclusion	—	2	—	—	—	—	—	2
Balance at 31 December 2023	$ 568,343	$ 8,008	$ 1,560	$ (777,414)	$ (230,614)	$ 1,781,991	$ (80,333)	$ 1,271,541

（Please refer to the Note accompanying to the consolidated financial statements）

Chairman: Lin Chuang-Ru　　Manager: Lin Chuang-Ye　　Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)
Standalone Statements of Cash Flows
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Item	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 39,973	$ 21,172
Adjustments:		
Item		
Depreciation expense	4,225	3,011
Fair value-Assets-Financial (gain) loss	(10,114)	4,906
Interest expense	70,747	44,149
Interest revenue	(1,854)	(321)
Dividend revenue	(3,174)	(126)
Share of profit of subsidiaries and associates accounted for using Equity	(1,975)	(1,686)
Impairment loss on non-financial assets	2,181	—
Gains on disposals of property, plant and equipment	(1,215)	(2,596)
Unrealized foreign exchange loss	—	7
Gain on fair value adjustment of investment property	(144,066)	(142,577)
Other income	—	(269)
Net changes in operating Assets and Liabilities		
Other receivables	(340)	(248)
Inventories	4,015	8,450
Prepayments	3,063	(2,541)
Other current assets	(37)	37
Assets	(625)	(473)
Notes payable	(44)	77
Other payables	626	(1,370)
Other current liabilities	(1,163)	1,068
Other non-current liabilities	114	(11)
Cash outflow generated from operations	(39,663)	(69,341)

〈Continued〉

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.) and its Subsidiaries
Standalone Statements of Cash Flows (Continued)
For The Years Ended December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

Item	2023	2022
Interest received	1,854	321
Interest paid	(69,021)	(42,758)
Income taxes paid	(182)	(30)
Net cash flows used in operating activities	(107,012)	(111,808)
Cash flows from (used in) investing activities		
Acquisition of Fair value Assets	(20,493)	(100,000)
Disposal of Fair value Assets	20,730	—
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,661	—
Acquisition of property, plant and equipment	(53,594)	(4,570)
Acquisition of investment properties	(17,386)	—
Acquisition of investments accounted for using equity method	(465,000)	—
Proceeds from disposal of property, plant and equipment	1,277	2,596
Dividends received	3,168	126
Net cash flows used in investing activities	(527,637)	(101,848)
Cash flows from financing activities		
Increase in short-term loans	100,000	—
Proceeds from long-term debt	2,502,000	310,000
Repayments of long-term debt	(2,052,000)	—
Increase in guarantee deposits received	4	—
Repayment of lease principal	(1,831)	(1,390)
Other financing activities (disgorgement)	2	—
Net cash flows from financing activities	548,175	308,610
Effect of exchange rate changes on cash and cash equivalents	—	(7)
(Decrease) increase in Cash and cash equivalents	(86,474)	94,947
Cash and cash equivalents at beginning of period	447,692	352,745
Cash and cash equivalents at end of period	$ 361,218	$ 447,692

（Please refer to the Note accompanying to the standalone financial statements）

Chairman: Lin Chuang-Ru　　Manager: Lin Chuang-Ye　　Accounting Supervisor: Yeh Yan-Ling

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd.)

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS

For The Years Ended December 31, 2023 and 2022

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

1. Company History

TongHwa Corporation (formerly known as Tong-Hwa Synthetic Fiber Co., Ltd., the company's name changed to "TongHwa Corporation" on October 3, 2022, hereinafter referred to as the "Company") is a Sino-Japanese joint venture company, approved by the Investment Commission, MOEA, established on March 2, 1970 in accordance with the Company Law and other relevant laws and regulations. The Company's main business is the production and sales of "polyacrylonitrile synthetic fiber".

On February 14, 1977, the Company's shares were publicly listed and traded on the Taiwan Stock Exchange (TWSE).

The functional currency of the individual financial report of the Compnay is expressed in New Taiwan Dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying individual financial statements were approved and authorized by the Board of Directors on March 11, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) <u>The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (FSC) which have already been adopted.</u>

The following table summarizes the newly issued, revised, and amended standards and interpretations of the IFRSs and endorsed by the FSC with effective date starting 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction of Assets and Liabilities - income tax"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Rules Template"	May 23, 2023

The Company has evaluated the aforementioned standards and interpretations will not have a material impact on the Company's financial position and performance.

(2) <u>The impact of the newly issued and revised by the FSC but not yet effective</u>

The following table summarizes the newly issued, revised, and amended standards and interpretations of the IFRSs and endorsed by the FSC with effective date starting 2024:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16, ' Leases in sale and leaseback Liabilities'	January 1, 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1, “Classification of Current or Non-current”	January 1, 2024
Amendments to IAS 1, Non-current liabilities with contractual terms	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024

The Company has evaluated the aforementioned standards and interpretations will not have a material impact on the Company’s financial position and performance.

(3) The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The following table summarizes the newly issued, revised, and amended standards and interpretations of the IFRSs issued by IASB but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be decided by by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-Current Liabilities with Contractual Terms "	January 1, 2024
Amendments to IAS 21 'Lack of Convertibility'	January 1, 2025

The Company has evaluated the aforementioned standards and interpretations will not have a material impact on the Company’s financial position and performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The accompanying Individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

The accompanying Individual financial statements have been prepared on the historical cost basis except for financial instruments, investment property, and the net defined benefit asset accounted for the present value of defined benefit obligations minus the fair value of plan assets that are measured at fair values.

The preparation of individual financial reports requires the use of some important accounting estimates that are required to be applied by the management of the Company to determine the items involving a high degree of judgment or complexity or that involving major assumptions and estimates in individual financial reports while applying the Company's accounting policies. Please refer to Note 5 for explanation

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

(3) <u>Classification of Current and Noncurrent Assets and Liabilities</u>

A. An asset is classified as current when：

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle,

(b) The Company holds the asset primarily for the purpose of trading,

(c) The Company expects to realize the asset within twelve months after the balance sheet date,

(d) Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

B. A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle,

(b The Company holds the liability primarily for the purpose of trading,

(c) The liability is due to be settled within twelve months after the balance sheet date,

(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(4) Foreign currencies

While preparing financial statements, for those entities trade in currencies other than the functional currency of the entity, foreign currencies are converted into functional currency in accordance with the rates of exchange as on the date of initial transactions.

Foreign currency monetary items are converted in accordance with the rates of exchange as on the date of balance sheet. The exchange differences arising from the delivery or the conversion of monetary items are accounted into current profit or loss.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and the resulting conversion differences are listed in the current profit and loss. However, if the fair value change is recognized in other comprehensive gains and losses, the resulting conversion differences are listed in other comprehensive profit and loss.

Non-monetary items measured at historical cost in a foreign currency are translated in accordance with the rates of exchange as on the date of initial transactions and will not be converted again.

(5) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using weighted average method. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(7) Investments Accounted for Using Equity Method - Subsidiaries

Investments in subsidiaries accounted for using the equity method.

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

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

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of losses to a subsidiary equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term equity that is essentially part of the company’s net investment in the subsidiary), the Company recognizes losses based on shareholding ratio continually.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill. The goodwill is included in the carrying amount of the investment and cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, is recognized immediately in profit or loss.

To assess impairment, the Company must consider the cash-generating unit as a whole in the financial report and compare the recoverable amount with carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as an interest, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the asset that should be deducted if the impairment loss is not recognized. Any reversal of the impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's individual financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(8) Investments Accounted for Using Equity Method - Associates

An associate is an entity over which the Company has significant influence but is not a subsidiary or Joint venture.

The Company adopts the equity method for investments in associates.

Under the equity method, an investment in an associate is initially recognized in the individual statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

When the Company subscribes to additional shares in 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 net assets of the associate. The Company adopts the equity method to record such a difference as an adjustment to equity and investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If the capital reserve is used for the aforementioned adjustment and the balance of capital reserve derived from investment accounted for using equity method is not sufficient, the difference shall be registered under retained earnings.

When the Company's share of losses in the associate equals or exceeds its investment in the equity of the associate (including the carrying amount of the investment in the associate under the equity method and other long-term interests that, in substance, form part of the Company's net investment in the associate), the Company shall cease the recognition of further losses. The Company shall only recognize additional losses and liabilities within the scope of legal obligations, inferential obligations, or payments made on behalf of associates.

To assess impairment, the Company must consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amount for the impairment test. The recognized impairment are not allocated to any assets that constitute part of the carrying amount of the investment. Any reversal of the impairment loss has to be considered after subsequent increases in the recoverable amount of investment.

The Company shall suspend the use of the equity method on the day that its investment is no longer an associate and shall measure its retained equity in the original associate through fair value. The difference between the fair value, the amount gained from the disposal, and the carrying amount of the investment on the day the equity method ceases to apply shall be listed into the profit or loss of the current period. In addition, the basis accounting policies for amounts of the associate shown in other comprehensive profit or loss accounts shall follow the same basis applicable to the Company for direct disposal of related assets or liabilities of associates.

Profit or loss in upstream and downstream transactions between the Company and the associates or transactions between associates needs to be shown in the Individual financial statements when not affecting the interests of the Companyor the associate.

(9) Property, Plant and Equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

Property, plant and equipment under construction are recognized at costs less accumulated impairment losses. The cost shall include professional service expenses and the cost of loans eligible for capitalization. The samples produced to test the normal operation of the assets before they reach the intended state of use shall be measured at the lower of cost and net realizable value and the sale price and cost shall be recognized in profit or loss.

Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the expected use status and the depreciation shall begin.

The Company shall adopt the straight-line basis or the units of the production method for the depreciation of each property, plant, and equipment in its useful life based on the nature of such property, except for the self-owned land that is not depreciated. The Companyshall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation.

When derecognizing property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(10) Investment property

Investment property is held to earn rent or capital appreciation or both. The investment property also includes the land currently held for undecided future use. Personally-owned investment property is measured by the original cost (including transaction cost), and the subsequent cost is measured at fair value with any change therein recognized in profit or loss.

When property, plant, and equipment real estate is transferred to investment property after self-use, the difference between the original carrying amount and fair value is recognized in other comprehensive profit and loss and accumulated to revaluation increments in equity and is excluded from this asset transferred directly to retained earnings.

If the houses exchanged for land in accordance with the jointly constructed with house divided contract is classified as an investment property and the exchange has commercial substance, the exchange gains and losses shall be recognized at the time of exchange.

When the investment property is excluded, the difference between the net disposal price and the carrying amount of the asset is recognized in net other income and expenses.

(11) Impairment of non-financial assets

At each balance sheet date, the Company reviews whether there is any indication of the property, plant and equipment and right-of-use assets may have been impaired. If any such indication exists, then the asset's recoverable amount is estimated. 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.

Recoverable amount is the higher of fair value less costs to sell or value in use. If the recoverable amount of an individual 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. An impairment loss is recognized in net other income and expenses.

When an impairment of subsequently is reversed, the carrying amount of the asset or cash- generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deduction of amortization or depreciation) that would have been determined with no impairment loss than recognized for the asset or cash- generating unit in prior years. A reversal of an impairment loss is recognized in net other income and expenses.

(12) Financial Instruments

Financial assets and liabilities shall be recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with transaction date accounting.

(a) Measurement types

Financial assets held by the Company are classified into these categories: financial assets at fair value through profit or loss, financial assets measured at amortized cost, investment in debt instruments measured at fair value through other comprehensive gains and losses, and investments in equity instruments measured at fair value through other comprehensive profits and losses.

a-1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are mandatory to be measured at fair value through profit or loss.

The financial assets that are mandatorily required to measure at fair value through profit or loss include the equity instrument investment that is not specified to be measured at fair value through other comprehensive profits and losses, and investment in debt instruments that cannot meet the criteria of measuring assets at amortized cost or at fair value through other comprehensive profits and losses.

Financial assets at fair value through profit or loss are measured at fair value. The dividends, interest and the profit or loss generated by remeasurement is recognized in benefits and losses.

a-2. Financial assets measured at amortized cost

The financial assets invested by the Company shall be classified as financial assets measured at amortized cost if both conditions below are met:

(i) Where the financial asset is held under a certain business model with the purpose of holding financial assets to collect contract cash flow; and

(ii) The cash flow generated on specific dates specified in contractual terms is completely used to pay for the principal and interest for principal in external circulation.

After financial assets measured at amortized cost (including cash, accounts receivable and other recievable measured at amortized cost) on initial recognition, they shall be measured through the effective interest rate approach to determine the total carrying amount minus the amortized cost of any impairment loss. All foreign currency exchange gains and losses shall be recognized in profit or loss.

Except for the two following conditions, income from interest shall be calculated based on the effective interest rate multiplied by the total carrying amount of financial assets:

(i) The interest income of a credit-impaired financial asset purchased or provided for the founding is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

(ii) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

a-3. Investments in equity instruments measured at fair value through other comprehensive profits and losses

The Company may make an irrevocable choice on initial recognition and designate the investments in equity instruments that are not held for trading and not recognized by the acquirer of a business combination or having consideration to be measured at fair value through other comprehensive profits and losses.

Investments in equity instruments measured at fair value through other comprehensive profits and losses are subsequently measured at fair value with profits and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Dividends on these investments in equity instruments at fair value through other comprehensive profits and losses are recognized in profit or loss when the rights of the Company to receive the dividends is established, unless the dividends clearly represent the recovery of part of the investment cost.

(b) Impairment of financial Assets

b-1. On each balance sheet date, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable and lease receivables).

b-2. The loss allowance for accounts receivable and lease receivable are measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss over the expected life of a financial instrument.

b-3. Expected credit loss refers to the weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date, and the expected credit loss in the duration represents the expected credit loss caused by all possible default of the financial instrument in the expected duration.

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

(i) Internal or external information shows that debtor is unlikely to pay its creditors.

(ii) Financial asset is more than 120 days past due unless the Compnay has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive profits and losses, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at fair value through other comprehensive profits and losses, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities and equity instrument

(a) Classification of liabilities or equity

Libilities and equtity instruments issued by the Compnay are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement and the definition of a financial liability and an equity instrument.

Equity Instrument means any contract recognizing the remaining interest of the Company's assets after deducting all the liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Compnay’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issurance or cancellation of the Compnay’s own equity instruments.

(b) Financial liabilities

Financial liabilities that are not held for trading and designated to be measured at fair value through profit or loss are initially recognized at fair value plus directly attributable transaction costs; subsequent evaluations are measured at cost after amortization using the effective interest rate method.

(c) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non cash assets or liabilities assumed) shall be recognized in profit or loss.

(l3) Revenue Recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Commodity sales revenue

Commodity sales revenue comes from sales of polyacrylonitrile synthetic fiber products. Sales revenue is recognized when control of the product is transferred to the customer, ie when the goods is delivered to the customer and the Company has not satisfied performance obligations that would affect the customer's acceptance of the goods.

When the goods arrive at the place designated by the customer or the port for shipment, customers have the right to set prices and use the goods, have the main responsibility for resale, and bear the risk of obsolescence. The Company recognizes revenue and accounts receivable at this point. The advance payment received before the delivery of the goods is recognized as a contract liability.

Commodity sales revenue is measured at the fair value of the consideration received or receivable, and the deduction of estimated customer returns, discounts, and other similar allowances. The company estimates possible sales returns and discounts based on experience and other known reasons to recognize refund liabilities and related product rights to be returned.

(13) Leases

The Company assesses whether the contract is (or contains) a lease on the date of contract establishment.

A. The Company as lessor

When the lease clause transfers almost all the risks and benefits incidental to ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

In accordance with operating lease standards, lease payments after deduction of lease incentives are recognized as income on a straight-line basis over the relevant lease period. Lease negotiation with the lessee is treated as a new lease from the effective date of lease modification.

B. The Company as lessee

Except for lease payments for low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability starting from commencement of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before commencement of the lease minus the lease incentives for compensation, the original direct cost and the estimated cost of restoring the underlying asset), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses, and adjust the remeasurement amount of the lease liability.

Right-of-use assets are separately expressed on consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement of the lease to the expiration of the useful life or the expiration of the lease term, whichever is earlier.

The lease liability is initially measured by the present value of lease payments. If the implicit interest rate of the lease is easily determinable, the lease payment is discounted using that interest rate. If the interest rate is not easily determinable, the incremental borrowing rate of the lessee should be used.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If there are any changes in the lease period, the Compnay remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to lease scope reduction is to reduce the right-of-use asset and to recognize the profit and loss of the partial or full termination of the lease. The remeasurement of the lease liability due to other modifications is to adjust the right-of-use asset. Right-of-use assets are separately expressed on individual balance sheets.

The Company negotiates with the lessor for COVID-19 related rent concessions for the adjustment of the rent due before June 30, 2022, resulting in a decrease in rent, and there is no significant change in other lease terms and conditions. The Company chooses to adopt practical expedients to deal with the rent concession that meets the aforementioned conditions without assessing whether the negotiation is a lease modification, but recognizes the reduction in lease payments in the profit and loss when the concession event or situation occurs, and relatively reduces the lease liability.

(14) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to income are recognized in the profit and loss on a systematic basis during the period when it is intended to compensate to the expenses accounted by the Company.

If the government grants are used to compensate for the expenses or losses that have occurred, or are for the purpose of providing immediate financial support to the Company and there are no future related costs, they are recognized in the profit and loss during the period when it can be received.

(15) Employee benefits

A. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

B. Pension funds

() Defined Contribution Plan

Defined Contribution Plans are the amount of pension funds that should be appropriated which is recognized as current pension expenses according to the accrual basis. Advance contributions are recognized as assets to the extent that can be refundable in cash or reduce future payments.

(b) Defined benefit plan

The defined cost of benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The service cost (including the service cost of the current period, the prior service costsa and settlement profits and losses)and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement amount (including actuarial gains, changes in asset-capping effects and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refund from the plan or reductions in future contributions.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as defined benefit retirement plans, except that the related remeasurements are recognized in profit or loss.

D. Termination benefits

termination benefits liabilities be recognized when the Company can no longer withdraw the offer of termination benefits and when the Company recognizes costs for restructuring, whichever is earlier.

(16) Income tax

Income tax expense is the aggregate amount current tax and deferred tax.

A. Current income tax

The Company determines the current income (loss) in accordance with the Income Tax Act of the Republic of China to calculates the payable (recoverable) income tax accordingly.

The undistributed surplus calculated in accordance with the provisions of the Income Tax Act of the Republic of China is subject to additional income tax, and the annual recognition is determined in accordance with the resolution of the shareholders meeting.

Adjustments to income tax payable in previous years are included in current income tax.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the individual financial statements 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 or net operating loss carryforwards recognized when they are utilized.

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

The carrying amount of deferred tax assets is reviewed on every balance sheet date 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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed on every balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of 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 year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted on every balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, on every balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

If the investment property measured by fair value is a non-depreciable asset or the economic model of holding does not consume substantially all of the asset's economic benefits over time, the company assumes that the carrying amount of the asset is recovered through sale.

C. Current and deferred tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity, respectively.

5. <u>The primary source of significant accounting judgments, estimates, and assumptions uncertainty.</u>

The management level should judge, estimate, and assume by historical experience and other related factors for the assets and liability information which is difficult to get when the company operated the accounting policy in note 4. Estimates and related hypotheses are based on experience and other relative factors. The real results might be different from the estimation.

The company should keep track of the estimate and the basic assumptions. If the estimate revision will only affect the recent period then it should be recognized in the current period; If the revision will affect both recent and future periods then it should be recognized in the current and the future period.

The company's primary source of significant accounting judgments, estimates, and assumptions uncertainty are：

Investment real estate fair value

Due to the investment property being valued using the land development method and measured by fair value, the investment property held by the company is land. Therefore, the company must engage experts for judgment and estimation of the fair value of investment property on the date of the balance sheet. The company will adjust the real estate value report to the fair value. This investment real estate evaluation is based on the estimate report proposed by the expert so all the selling amount, margin ratio, asset-weighted average interest rate, and the experts' judgment and estimation might affect the fair value evaluation.

6. Description of important accounting items

(1) Cash

	December 31, 2023	December 31,2022
Cash on hand	$ 40	$ 50
Checks and demand deposits	361,178	447,642
Amount	$ 361,218	$ 447,692

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

	December 31, 2023	December 31,2022
Current		
Mandatorily classified as at FVTPL Fair value Listed stocks	$ 1,186	$ —
Non-current		
Mandatory through profit and loss at fair value		
Fund beneficiary certificate	$ 103,785	$ 95,094

On April 24, 2022, the company subscribed to NT$100,000,000 of "Union Green Energy Private Equity Limited Partnership" from Union Private Equity Co. ,Ltd. and became a limited partner.

(3) Financial assets measured at fair value through other comprehensive income

Equity investments

	December 31, 2023	December 31,2022
Liquid assests		
Domestic investments		
Listed stocks	$ —	$ 3,728

	December 31, 2023	December 31,2022
Non-current assests		
Domestic investments		
Unlisted stocked	$ 5,181	$ 3,603

According to the mid and long-term strategy, the company has invested in the common stock above and wishes to gain profit by long-term investment. The management level recognized that including the short-term fair value of the stocks into the balance sheet is not qualify with the long-term investment philosophy so they decide the investment should evaluate its value via other comprehensive income.

(4) Inventory

	December 31, 2023	December 31,2022
Commodity inventory	$ 1,956	$ 2,301
Finishing goods	1,503	4,987
Work In Process	-	173
Raw materials	-	13
Total	$ 3,459	$ 7,474

The inventory related expenses in the current period are as below：

	2023	2022
Cost of goods sold	$ 36,222	$ 28,359
Inventory impairment (reversal of gains) loss	(20,184)	(32,552)
Unamortized manufacturing costs	636	658
Scrap loss	-	31,454
Total	$ 16,674	$ 27,919

Since the company has sold the loss inventory recognized before, the net value of inventory has changed from 2023 and 2022.1.1 to Dec. 31.

(5) Prepayments

	December 31, 2023	December 31,2022
Prepaid goods	$ 30	$ 2,612
Input tax credit	2,636	3,625
Prepaid management fee	839	885
Supplies inventory prepayments	25	10
Others	1,777	1,238
Total	$ 5,307	$ 8,370

(6) Investment using the equity method

	December 31, 2023	December 31,2022
Subsidiaries investment	$ 465,790	$ (34)
Associates investment	9,586	8,245
Add：Using equity method for investments accounted	-	34
	$ 475,376	$ 8,245

A. Subsidiaries investment

Subsidiaries Name	December 31, 2023 Carrying amount	December 31, 2023 Equity %	December 31, 2022 Carrying amount	December 31, 2022 Equity %
Non-listed(OTC) companies				
Dong ye Investment Co., Ltd.	$ 89	90.00	$ (34)	90.00
MRS company.	450,724	100.00	-	-
Dong hua Leasing Co., Ltd.	14,977	100.00	-	-
	$ 465,790		$ (34)	

Subsidiaries profit using equity method is recognized by the subsidiary's accouter auditing.

B. Related company investment

Individual minor relative company	December 31, 2023 Carrying amount	December 31, 2023 Equity %	December 31, 2022 Carrying amount	December 31, 2022 Equity %
Non-listed(OTC) companies				
CETECH CO., LTD.	$9,586	12.44	$8,245	12.44

(a) Since the company is the legal person director of the relative company, having a strong influence on the company so will take the equity method accounting.

(b) Individual minor relative company information：

	2023		2022	
Shareholding				
Net profit	$	1,341	$	1,754
Comprehensive income	$	1,341	$	1,754

Relative company profit using the equity method is recognized by the company’s accouter auditing.

(7) Real estate, plant, and equipment

Item	2023 Beginning balance	Additions	Disposals	Reclassifications	Ending balance
Cost					
Land	$ 635,158	$ 49,124	$ -	$ -	$ 684,282
Buildings and structures	297,535	-	(6,152)	-	291,383
Machinery and equipment	293,223	-	(214,431)	-	78,792
Utilities	41,731	250	(13,870)	-	28,111
Transportation equipment	13,699	4,220	(1,400)	-	16,519
Other equipment	8,999	-	(80)	-	8,919
Construction in progress	18,981	-	(7,223)	-	11,758
Subtotal	1,309,326	53,594	(243,156)	-	1,119,764
Accumulated depreciation					
Buildings and structures	265,794	-	(3,531)	-	262,263
Machinery and equipment	249,609	-	(200,583)	-	49,026
Utilities	28,231	29	(13,870)	-	14,390
Transportation equipment	6,836	2,186	(1,400)	-	7,622
Other equipment	4,053	145	(18)	-	4,180
Subtotal	554,523	2,360	(219,402)	-	337,481
Accumulated impairment					
Land	4,245	1,960	-	-	6,205
Buildings and structures	31,741	-	(2,621)	-	29,120
Machinery and equipment	43,614	-	(13,848)	-	29,766
Utilities	13,500	221	-	-	13,721
Transportation equipment	1,466	-	-	-	1,466
Other equipment	4,080	-	-	-	4,080

Item	2023 Beginning balance	Additions	Disposals	Reclassifications	Ending balance
Construction in progress	18,981	-	(7,223	-	11,758
Subtotal	117,627	2,181	(23,692	-	96,116
Net amount	$ 637,176	$ 49,053	$ (62	$ -	$ 686,167

Item	2022 Beginning balance	Additions	Disposals	Reclassifications	Ending balance
Cost					
Land	$ 635,158	$ -	$ -	$ -	$ 635,158
Buildings and structures	298,515	-	(980)	-	297,535
Machinery and equipment	312,217	-	(18,994)	-	293,223
Utilities	41,731	-	-	-	41,731
Transportation equipment	16,930	3,600	(6,831)	-	13,699
Other equipment	8,029	970	-	-	8,999
Construction in progress	18,981	-	-	-	18,981
Subtotal	1,331,561	4,570	(26,805)	-	1,309,326
Accumulated depreciation					
Buildings and structures	266,322	-	(528)	-	265,794
Machinery and equipment	263,004	-	(13,395)	-	249,609
Utilities	28,231	-	-	-	28,231
Transportation equipment	12,261	1,015	(6,440)	-	6,836
Other equipment	3,949	104	-	-	4,053
Subtotal	573,767	1,119	(20,363)	-	554,523
Accumulated impairment					
Land	4,245	-	-	-	4,245
Buildings and structures	32,193	-	(452)	-	31,741
Machinery and equipment	49,213	-	(5,599)	-	43,614
Utilities	13,500	-	-	-	13,500
Transportation equipment	1,857	-	(391)	-	1,466
Other equipment	4,080	-	-	-	4,080
Construction in progress	18,981	-	-	-	18,981
Subtotal	124,069	-	(6,442)	-	117,627
Net amount	$ 633,725	$ 3,451	$ -	$ -	$ 637,176

A. The company’s real estate, plant, and equipment are depreciated on a straight basis over the following years showing below：

Buildings and structures	
Main building	21 to 46 year
Others	3 to 16 year
Machinery and equipment	2 to 20 year
Utilities	5 to 25 year
Transportation equipment	3 to 10 year
Other equipment	3 to 15 year

B. On 08 May 2023, the Company's board of directors approved the purchase of land No. 843 in Donghua Section for Assets for overall development planning. The land purchase contract was signed on 23 May 2023, with a purchase cost of NTD 49,124,000.

C. About the collateral for real estate, plant, and equipment, please check appendix 8.

(8) Leasing agreement- Lessee

A. Right-of-use asset

	December 31, 2023	December 31, 2022
Carrying amount		
Building	$ 12,900	$ 14,765

	2023	2022
Depreciation expense		
Buildings and structures	$ 1,865	$ 1,892

In addition to the addition and recognition of depreciation expenses listed above, the company's right-of-use assets have no major subleases and impairments from January 1 to December 31, 2023 and 2022.

B. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount		
Current	$ 1,873	$ 1,831
Non-current	$ 11,344	$ 13,217

Discount rate ranges are as follow：

	December 31, 2023	December 31, 2022
Building	1.93%～2.23%	1.93%～2.23%

C. Important leasing activities and provisions

The leasing building will use for the office and the rent is 9.5 years. When the lease ended, the company didn't have the ROFR.

Due to the pandemic to 2022, the company has negotiated with the lessor and agreed with decreasing the rent amount by 50% during 2022.5.1 to 7.1 with no conditions. The leasing deducting caused the expense change of NT$269,000 in 2022. Other revenues are as follows.

D.Other leasing information

	2023	2022
Short-term lease	$ 336	$ 271
Leases of low-value assets	$ 81	$ 76
Lease cash outflow amount	$ (2,567)	$ (2,066)

The company will exemptions for short-term leases like parking lots and renting office equipment qualified with low-value assets and will not recognize relevant assets and renting as liabilities.

(9) Leasing agreement-Lessor

A. The company leases assets for business purposes, which include Chungli Shitou Road under a lease contract with a term of three years. The lease contract is negotiated on an individual basis and contains various terms and conditions. To ensure the use of the leased assets, lessees are typically required to agree to restrictions and agreements, such as not subleasing, subletting, pledging, or otherwise disposing of the lease subject in whole or in part.

B. Recognizing profits on the operating lease contract：

	2023	2022
Rental income	$ 92	$ 76

C. The analysis of the total amount of operating lease revenue leased by the company is as follows：

	December 31, 2023	December 31, 2022
First year	$ 80	$ 80
Second year	—	80
	$ 80	$ 160

(十) Investment property

Evaluate Investment property by fair value

	The land
January 1, 2023 balance	$ 2,635,533
Additions	17,386
Fair value adjustment benefit	144,066
December 31, 2023 balance	$ 2,796,985

	The land
January 1, 2022 balance	$ 2,492,956
Fair value adjustment benefit	142,577
December 31, 2022 balance	$ 2,635,533

A. The board of directors has approved to build of the office and plant on Donghua land with TaiZhan Construction Co., Ltd. (TaiZhan for short) by jointly constructing houses on 2022.1.27 and has signed the agreement on 2022.3.29. The company will offer the land and the TaiZhan will invest the funds for jointly constructing.

B. In order to build a factory and office building, the company purchased 5 state-owned lands from the National Property Administration at land lots 4, 7, 10, 12 and 111 of Donghua Section, Zhubei City, Hsinchu County, at the purchase cost of NT $17,386,000.

C. Investment property will outsource for evaluation and will be valued on a repeatability basis for fair value. Investment property fair value is evaluated by Cushman & Wakefield appraisers Hu Chun-Chun and Tsai Chia-He on Dec. 31, 2023.

The important hypothesis for estimate report on 2023 and 2022 is:

	December 31, 2023	December 31, 2022
Estimate selling amount		
Donghua Section, Land No. 033	$ 5,151,409	$ 4,917,848
Donghua Section, Land No. 005	5,265,103	4,921,186
	$ 10,416,512	$ 9,839,034
Profit ratio	13%	13%
Overall capital interest rate	3.38% ~ 3.41%	2.94% ~ 2.97%

Taking into account relevant laws and regulations, the overall economic outlook, local land use conditions, and market conditions, the land in question has been estimated for its potential development and the total area of land or buildings that can be sold, based on the most effective use. This estimation has been used to calculate the total sales amount.

D. The company's investment property didn't have any leasing and making profit or loss in 2023 and Jan. 1, 2022 to Dec. 31, 2022.

E. About investment property collateral information please check the appendix 8.

(11) Short-term borrowings

	December 31, 2023	December 31, 2022
Bank secured borrowings	$ 100,000	$ -
Range of interest rates	2.87%	-

(12) Other payable amount

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 3,095	$ 3,241
Interest payable	5,644	3,918
Pension payable	212	236
Service payable	1,140	1,140
Insurance payable	523	562
Utility payable	225	273
Others	2,995	2,112

	December 31, 2023	December 31, 2022
Total	$ 13,834	$ 11,482

Others' payable are combined by housing tax, transportation fee, and import and export fee.

(13) Long-term loan

Collateralized loan and condition	December 31, 2023	December 31, 2022
Union Bank of Taiwan Co.,Ltd Borrowing time：2 year after disbursement date (2021.02.05 ~ 2022.02.05) Repayment method：Interest payment on a monthly basis and repayment of principal at maturity.	$ -	$ 2,052,000
Union Bank of Taiwan Co.,Ltd Borrowing time：2 year after disbursement date (2022.07.07 ~ 2024.05.18) Repayment method：Interest payment on a monthly basis and repayment of principal at maturity.	50,000	50,000
Union Bank of Taiwan Co.,Ltd Borrowing time:2022.11.28~2024.05.18 Repayment method：Interest payment on a monthly basis and repayment of principal at maturity.	50,000	50,000
Union Bank of Taiwan Co.,Ltd Borrowing time:2023.02.04~2024.05.18 Repayment method：Interest payment on a monthly basis and repayment of principal at maturity.	2,052,000	-
Union Bank of Taiwan Co.,Ltd Borrowing time:2023.03.04~2024.05.18 Repayment method：Interest payment on a monthly basis and repayment of principal at maturity.	450,000	-
Loan amount	2,602,000	2,152,000
Decrease：Short-Term Debt	(2,602,000)	(2,052,000)
Long term loans	$ -	$ 100,000
Interest range	2.825% ~ 2.870%	2.385% ~ 2.600%

A. The company has signed with Union Bank of Taiwan for a borrowing contract to get a med-term collateralized loan of NT 2,500,000,000 and export bills negotiation USD 800,000. The loan is due on 05 February 2023 and the loan balance is NT 2,052,000,000 for 2022.

B. The company has signed with Union Bank of Taiwan for a borrowing contract to get a med-term collateralized loan of NT$850,000,000 and short-term collateralized loan of NT$150,000,000. The loan is due on 18 May 2024. As of 31 December 2023, the Group's long-term and short-term borrowings were NT 550,000,000 and NTD 100,000,000, respectively. As of 31 December 2022, the Group's long-term borrowings were NT 100,000,000.

C. The Group signed a loan agreement with Union Bank of Taiwan in January 2023 to obtain a medium-term secured loan of NT 2,052,000,000, with the loan maturity date set for 18 May 2024. The Group's outstanding borrowings as of 31 December 2023 were NT 2,052,000,000.

D. The Group entered into a loan agreement with Union Bank of Taiwan in May 2023 to obtain a letter of credit for NT 10,000,000 and a letter of guarantee for USD 800,000. The loan is due on 18 May 2025.

E. About bout the collateral assets, please check Appendix 8.

(14) Other liability

	December 31, 2023	December 31, 2022
Current		
Accounts collected	$ 1,551	$ 1,476
Deferred income	136	136
Prepaid expenses	76	1,314
Total	$ 1,763	$ 2,926
Non-current		
Employee benefit - Other long-term employee benefits	$ 429	$ 315
Receipt of Guarantee Deposits	4	-
Total	$ 433	$ 315

Employee benefits - Other long-term employees are the employee will receive a golden ring after working for 15 years and every 5 years after.

(15) Post-employment benefit plans

A. Defined contribution plans

According to the labor pension act, the company has established an employee retirement plan and follows the regulation to contribute 6% of the salary into the Bureau of labor insurance account. The defined contribution plans for 2023 and Jan. 1, 2022 to Dec. 31, 2021 are NT$1,326,000 and NT$1,402,000.

B. Defined benefit plans

According to "The labor standards act", the company's pension policy is managed by the government. All the pension payments are in accordance with the service years and the average monthly pay before 6 months of the retirement date. In addition, the policy has regulated the company to contribute 5% of the salary amount into pensions, before the 5% to the special account in the Bank of Taiwan in the name of the labor retirement reserve. If at the end of the year the amount of the account is not enough to pay the qualified retirement labor, the company should contribute the difference into the account before next March. The special is operated by the ministry of labor, the company has no right to impact the management strategy.

The recognized balance sheet for the defined benefit plans is shown below：

	December 31, 2023	December 31, 2022
Defined benefit obligation	$ (19,199)	$ (19,050)
Plan assets fair value	37,356	36,179
Net defined benefit asset	$ 18,157	$ 17,129

Net defined assets(liabilities) changing are below：

	Defined benefit obligation	Plan assets fair value	Net defined benefit asset
2023.1.1 balance	$ (19,050)	$ 36,179	$ 17,129
Service cost			
Current service cost	-	-	-
Prior service cost	-	-	-
Interest(cost) income	(238)	455	217
Recognize in profit or loss	(238)	455	217
Remeasurement			
Return on plan assets(Exclude the amount of Interest revenue or cost)	-	314	314
Demographic assumptions change	-	-	-
Financial assumptions change	(172)	-	(172)
Experience adjustment	261	-	261
Recognized in other comprehensive income	89	314	403
Contribute to pension	-	408	408
Pension payment	-	-	-

Dec. 31, 2023 Balance	$ (19,199)	$ 37,356	$ 18,157

	Defined benefit obligation	Plan assets fair value	Net defined benefit asset
2022.1.1 Balance	$ (21,212)	$ 32,515	$ 11,303
Service cost			
Current service cost	-	-	-
Prior service cost	-	-	-
Interest(cost) income	(106)	164	58
Recognize in profit or loss	(106)	164	58
Remeasurement			
Return on plan assets(Exclude the amount of Interest revenue or cost)	-	3,085	3,085
Demographic assumptions change	-	-	-
Financial assumptions change	1,169	-	1,169
Experience adjustment	1,099	-	1,099
Recognized in other comprehensive income	2,268	3,085	5,353
Contribute to pension	-	415	415
Pension payment	-	-	-
Dec. 31,2022 Balance	$ (19,050)	$ 36,179	$ 17,129

The risk from the pension system of “The labor standard act”：

(a) Investment risk： Bureau of Labor funds will invest in domestic and foreign equity securities, bonds, and bank deposits by themselves or in trust. According to the labor standards act, the total assets return shall be higher than the 2 years interest rate; if the performance is lower than regulation then the national treasury has the obligation to fill the difference.

(b) Interest risk： The bond rate decrease will cause defined benefit obligations to increase, but the liabilities investment return of plan assets will increase, and the two investments will offset the defined benefit liability.

(c) Salary risk ： Defined benefit obligation calculation has considered the planning member's future salary so the salary increase will cause the defined benefit obligation increase.

The main hypothesis of actuarial valuation is：

	December 31, 2023	December 31, 2022
Discount rate	1.125%	1.250%
Forecast salary increase percentage	2.000%	2.000%

Changing the hypothesis of actuarial valuation between 2023 and Dec. 31,2022 will increase(decrease) the defined benefit obligation：

December 31, 2023	Actuarial assumptions Increase 0.25%	Actuarial assumptions Decrease 0.25%
Discount rate	$ (341)	$ 351
Expected salary increase rate	$ 342	$ (334)

December 31, 2022	Actuarial assumptions Increase 0.25%	Actuarial assumptions Decrease 0.25%
Discount rate	$ (367)	$ 378
Expected salary increase rate	$ 369	$ (360)

The sensitivity analysis above is based on the assumption that other variables remain constant while analyzing the impact of a single variable. In practice, changes in many assumptions may be interrelated. The sensitivity analysis is consistent with the method used to calculate the net retirement benefit liability on the balance sheet. The method and assumptions used in the sensitivity analysis for the current period are the same as those used in the previous period. Below is the lasting time after 2023 and Dec. 31,2022 report of the defined benefit plan contributions amount and the weighted average

:

	December 31, 2023	December 31, 2022
Contribution within 1 year	$ 414	$ 414
Defined benefit obligation due time	7.2years	7.8years

(16) Equity

A.Capital

	December 31, 2023	December 31, 2022
Authorized capital	$ 2,638,553	$ 2,638,553
Authorized shares (in thousands)	263,855	263,855
Issued capital	$ 568,343	$ 568,343
Issued and paid shares (in thousands)	56,834	56,834

The issued capital value is ATP$10 and each share is represented by 1 vote and the right to receive a dividend.

The issued capital of NT$568,343,000 includes private common stock of 100,000,000 shares. Besides the private common stock has been restricted from the transfer of stocks by the Securities and exchange act, the private stock must complete the public offering after 3 years of the shares delivery date before listing and trading.

B.Capital surplus

	December 31, 2023	December 31, 2022
Only used for offset losses		
Relevant company using equity method	$ 8,005	$ 8,005
Equity value changes		
Donated assets	1	1
Others	2	-
	$ 8,008	$ 8,006

C.Retained earnings and dividend policy

(a) According to the distributing dividend policy in company regulations, the company should contribute 10% as statutory surplus after paying tax and offset losses, the rest can be contributed or reversal to special earning surplus; the rest will combine with the undistributed earnings and the boards of director will proposal the revenue distribution matters to shareholders meeting for approval.

(b) Due to the entire environment and the industry development, the company has set a fixed and residual dividend policy for sustainable development, growth, and long-term financial planning. When distributing dividends, the cash dividend should remain between 30% to 70% and will adjust to the internal and external operating environment.

(c) The statutory surplus can only use to offset losses and distribute new stocks or cash dividends to shareholders by holding ratio. The new stocks or cash dividends can only distribute 25% as the max limitation for statutory surplus.

(d) The special surplus reserves mentioned by the Company pursuant to the letter Ref. No. 1010012865 issued by the Financial Supervisory Commission on 2012.4.6 shall be reversed by the proportion originally provided when the relevant assets are utilized, disposed of, or reclassified. If the relevant assets are investment property, the proportion of land shall be reversed upon disposal or reclassification, and the portion other than land shall be reversed on a straight-line basis over the period of use. When distributing profits, the difference between the net amount of the reduction in other equity items recorded on the balance sheet as of the end of the current year and the amount of the special surplus reserves provided shall be supplemented by the provision of special surplus reserves. When other equity reduction items are reversed in the future, the special surplus reserves may be distributed for the reversed portion.

(e) The board approved the 2023 contribution matters on 2024.3.11, relevant information can be found on MOPS.

(f) The shareholders meeting approved the 2022 deficit matters on 2023.6.27. The voting result can be found on MOPS.

(g) The shareholders meeting approved the 2021 offset loss matters on 2022.6.27. The voting result can be found on MOPS.

D. Other equity item

(a) Unrealized gains or losses on equity investments measured at fair value through other comprehensive income

	2023		2022	
Opening balance	$	(230,131)	$	(225,924)
Recognized in other comprehensive profit or loss (unrealized gains or losses on financial assets measured at fair value through other comprehensive profit or loss)		1,511		(4,207)
Cumulative unrealized gain (loss) of Equity instruments transferred to Retained earnings due to disposal		(1,994)		-
Ending balance	$	(230,614)	$	(230,131)

(b)Real estate revaluate appreciation

	2023	2022
Beginning balance/		
Ending balance	$ 1,781,991	$ 1,781,991

E. Treasury shares

(a) Shares repurchase and numbers changes：

(Unit:1,000shares)

	2023			
Repurchase reason	Beginning balance of shares	Shares repurchased	Shares cancelled	Ending balance of shares
Maintaining the company's credit and shareholder equity	2,533	(10)	-	2,523

Repurchase reason	2022 Beginning balance of shares	Shares repurchased	Shares cancelled	Ending balance of shares
Maintaining the company's credit and shareholder equity	2,533	-	-	2,533

(b) To protect the company's credit and equity necessary, the company has recognized the subsidiaries purchasing the company stock as a treasury stock transaction. The subsidiary shareholding statement at the balance sheet date is shown below：

Subsidiaries name	Shareholding (1,000 shares)	Treasury shares Carrying amount	Treasury chares market price
<u>December 31, 2023</u>			
Dongye Investment Co., Ltd.	2,523	$ 80,333	$ 46,660
<u>December 31, 2022</u>			
Dongye Investment Co., Ltd.	2,533	$ 80,651	$ 32,142

(c) The company can't pledge treasury stocks in accordance with Securities and exchange act and not allow to have the right of gaining stock dividends or vote. The subsidiaries' shareholding will consider treasury shares and not allowed to join cash capital increase and have no right to vote, the rest of the obligations are the same as the normal shareholders' equity.

(17) <u>Operating income</u>

	2023	2022
Client contract revenue		
Product sales revenue	$ 20,587	$ 20,754

Please check the note 4(12) for customer contract revenue.

Breakdown of customer contract revenue

The company measured the department's performance and allocated resources individually and all the income come from the single department.

(18) Net other income and expense

	2023	2022
Disposal gain of real estate, plant, and equipment	$ 1,215	$ 2,596
Impairment loss of real estate, plant, and equipment	(2,181)	-
Total	$ (966)	$ 2,596

(19)Interest income

	2023	2022
Bank deposit interes	$ 1,846	$ 317
Others	8	4
Total	$ 1,854	$ 321

(20) Other revenue

	2023	2022
Renting revenue	$ 92	$ 76
Dividends	3,174	126
Others	23,561	5,427
Total	$ 26,827	$ 5,629

Other is the revenue from the sale of waste.

(21) Other gains and losses, net

	2023	2022
Fair value adjustment benefit - investment real estate	$ 144,066	$ 142,577
Foreign currency exchange (loss) gain	(9)	51
Losses on financial assets at fair value through profit or gain(loss)	10,144	(4,906)
Others	(44)	(2)
	$ 154,127	$ 154,127

(22) Financial cost

	2023	2022
Bank loans interest	$ 70,428	$ 43,820
Lease liabilities interest	319	329
Total	$ 70,747	$ 44,149

(23) Additional information on expenses

A. Functional summary for employee benefits, depreciation, and amortization expense：

Functions / Item	2023		
	Belong to operating cost	Belong to operating expenses	Total
Employee benefits expenses			
Salary	$ 1,416	$ 39,049	$ 40,465
Labor and health insurance	136	3,290	3,426
Pension	60	1,049	1,109
Directors remuneration	-	1,210	1,210
Other employee benefits	71	1,821	1,892
Depreciation expenses	34	4,191	4,225
Amortization expenses	-	-	-

Functions / Item	2022		
	Belong to operating cost	Belong to operating expenses	Total
Employee benefits expenses			
Salary	$ 1,042	$ 39,925	$ 40,967
Labor and health insurance	138	3,359	3,497
Pension	63	1,281	1,344
Directors remuneration	-	1,268	1,268
Other employee benefits	61	1,235	1,296
Depreciation expenses	3	3,008	3,011
Amortization expenses	-	-	-

(a)The average employee numbers are 42and 49in 2023and2022 Directors not being employed are 4and 5

(b) Average employee benefits expenses are NT$1,234,000and$1,071,000
n 2023and 2022,and the average salary is NT$1,065,000 and NT$931,000he average salary expense has changed by 13%.

(c) Supervisor remuneration are NT$145,000 on 2022.

(d)The Company adopted the Audit Committee to replace the Supervisors in 2023, so there is no remuneration for Supervisors.

(e)the salary and remuneration policy are referring to position, responsibilities, personal performance, operating performance, and regulation.

B. Employee benefits expenses

(a) The company will contribute remuneration of more than 1 % and lower than 5% from revenue before tax at the year.

(b) The company has accumulated deficits in 2023and Dec. 31,2022therefore there is no remuneration payable in 2023and 2022.

(c) The remuneration distribution result can be found on MOPS.

(24)Income tax

A. Recognized income tax expenses in 2023and 2022:

	2023		2022	
Profit(loss) before tax calculated (20%)	$	7,995	$	4,234
Exclude income tax impact as tax regulations		(26,691)		(3,265)
Tax-free income		(635)		(25)
Income tax impact of loss offset		29,903		(944)
Impact of temporary differences		(10,572)		-
Land value increment tax		(8)		(645)
Income tax expense	$	(8)	$	(645)

Recognized in income tax expense are forming below：

	2023		2022	
Deferred income tax				
Occurrence and reversal of temporary differences		(8)		(645)
Income tax benefits recognized in profit or loss	$	(8)	$	(645)

B. Recognized in other comprehensive income in 2023and 2022:

	2023		2022	
Deferred income tax				
Defined actuarial gain or loss	$	81	$	1,070
Income tax recognized int other comprehensive income	$	81	$	1,070

C. Current income tax assets

	Dec. 31, 2023	Dec. 31,2022
Account receivable for income tax refunds	$ 216	$ 34

D.Deferred income tax assets and liabilities

(1)Deferred income tax assets analysis：

	2022			
	Beginning balance	Recognize in profit and loss	Recognize in other comprehensive profit and loss	Ending balance
Temporary difference Defined benefits plan Remeasurement	$ 812	$ -	$ (812)	$ -

(2)Deferred income tax liabilities analysis：

	2023			
	Beginning balance	Recognize in profit and loss	Recognize in other comprehensive profit and loss	Ending balance
Temporary difference				
Prepare for land increment tax	$ 474,778	$ (8)	$ -	$ 474,770
Defined benefits plan Remeasurement	258	-	81	339
	$ 475,036	$ (8)	$ 81	$ 475,109

	2022			
	Beginning balance	Recognize in profit and loss	Recognize in other comprehensive profit and loss	Ending balance
Temporary difference				
Prepare for land increment tax	$ 475,423	$ (645)	$ -	$ 474,778
Defined benefits plan Remeasurement	-	-	258	258
	$ 475,423	$ (645)	$ 258	$ 475,036

E.Unrecognized as deferred income tax assets

	December 31, 2023		December 31, 2022	
Loss deduction amount	$	2,142,669	$	2,012,428
Temporary difference	$	401,598	$	451,500

The last year for loss deduction for the company is 2033.

F. The Company's income tax returns for the year ended income tax have been examined and approved by the R.O.C. income tax authorities up to 2021Year. In accordance with the income tax regulations, the losses of the previous ten years, as determined by the Taxes tax authority, in accordance with the income tax regulations, shall be

After deducting the net profit of the current year, re-assessed for income tax. Until Dec. 31, 2023, the consolidated company without loss and deduction period are shown below：

Year	Assessed/Declared	Maturity	Loss carryback	
2014	Approved amount	2024	$	163,431
2015	Approved amount	2025		255,260
2016	Approved amount	2026		182,580
2017	Approved amount	2027		346,519
2018	Approved amount	2028		238,181
2019	Approved amount	2029		226,287
2020	Approved amount	2030		231,512
2021	Approved amount	2031		206,813
2022	Declared amount	2032		142,567
2023	Provisional amount	2033		149,519
			$	2,142,669

(25)Earning per share

	2023		2022	
Basic earnings per share (NT)	$	0.74	$	0.40

The weighted average number of ordinary shares used to calculate basic earnings per share is as follows:

	2023	2022
Net profit attributable to owners of the parent company ($1,000)	$ 39,981	$ 21,817
Calculate the weighted average number of ordinary shares (thousand shares) of basic earnings (losses) per share	54,306	54,301
Basic earnings per share (NT)	$ 0.74	$ 0.40

(26) Cash flow information

A.Changes in liabilities from financing activities

	Short-term loan	Long term loan	Lease liability	Total liabilities from financing activities
January 1, 2023	$ -	$ 2,152,000	$ 15,048	$ 2,167,048
Changes in financing cash flow	100,000	450,000	(1,831)	548,169
December 31, 2023	$ 100,000	$ 2,602,000	$ 13,217	$ 2,715,217

	Long term loan	Lease liability	Total liabilities from financing activities
January 1, 2022	$ 1,842,000	$ 17,089	$ 1,859,089
Changes in financing cash flow	310,000	(1,390)	308,610
Other non-cash changes	-	651	651
December 31, 2022	$2,152,000	$ 15,048	$2,167,048

(27) Capital risk management

The combined company conducts capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

(28) Financial instruments

A. Financial instruments categories

	December 31, 2023	December 31, 2022
Financial assets		
Cash	$ 361,218	$ 447,692
Financial assets at fair value through profit or loss	104,971	95,094
Financial assets at fair value through other comprehensive income or loss	5,181	7,331
Other receivables	594	248
Refundable deposits	7,338	7,338
Financial liabilities		
Short-term borrowings	100,000	-
Notes Payable	61	105
Other payables	13,834	11,482
Long-term loans (including the portion due within one year)	2,602,000	2,152,000

B. Financial risk management

The major financial instruments are cash, equity investments, and lending. The financial management department will provide services to the business unit and plan for domestic and international financial markets operating by supervising and managing the company operating financial risk by risk level and breadth analysis of the internal risk report. Those risks include market risk(including exchange risk, interest risk, and other price risk), credit risk, and liquidity risk.

(a) Market risk

Since the operating activities let the company have to face the main financial risk exchange risk, interest risk, and other price fluctuations risk. The exposure to the financial instruments market risk and its risk management and measurement did not change.

a-1. Exchange risk

The company's receivable currency from selling is mostly foreign currency and 24% of the sales amount is not calculated by the functional currency, the company will majorly impact by the USD exchange rate fluctuations.

(i) The company didn't have important foreign currency financial assets and liabilities.

(ii) The company didn't have a major matter on the unrealized gain or loss of foreign currency exchange.

A-2. Interest risk

Financial assets and liabilities expose on the interest risk at the balance sheet date are below：

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- financial liabilities	$ 13,217	$ 15,048
Cash flow interest rate risk		
- financial assets	$ 360,311	$ 426,799
- financial liabilities	2,702,000	2,152,000

Sensitivity analyses are decided by the non-derivative tool of the interest isk exposure on the balance sheet date. Regarding the floating rate liability, the analysis method assumed the liabilities outstanding in the reporting period are still outstanding. Internal report to the management level will increase or decrease 25 basis points for the interest rate change ratio, meaning the management level agree with the reasonable range of interest rate evaluation.

If the rate increase or decreases by 25 basis points and all other parameters remain the same, the company's net loss before tax will increase or decrease NT$5,854,000 and NT$4,313,000 in 2023 and 2022 Jan. 1to Dec. 31, due to the floating rate loans.

a-3. Other price risk

Due to the equity shares investment, the management level has established different risk investment combinations for risk management for price risk. Sensitivity analysis is decided by the equity price exposure. If the equity price increase or decrease by 5%, the other comprehensive income will increase or decrease NT$0 and NT$186,000

through fair value through other comprehensive income；

The net profit before tax for the year ended 01 January 2022 and 2022 will increase or decrease by NTD 59,000 and NTD 0, respectively, due to the increase or decrease in the fair value of financial assets at fair value through profit or loss as of Fair value and Assets.

(b) Credit risk

Credit risk is the financial loss risk if the transaction party's contractual defaults. Due to the balance sheet date, the company's largest loss of credit risk by contractual defaults is exposed on recognition of financial assets accounts amount from the individual balance sheet.

To reduce credit risk, the management level has assigned a specific team for credit amount decisions, credit approval, and other supervision procedures to ensure the proper process for receiving overdue accounts receivable. Besides, the company will review all the receivables to make sure all the irrecoverable receivables are recognized in impairment loss.

Receivables are NT$0 due to 2023 and Dec. 31,2022.

(c) Liquidity risk

The company has managed and maintained enough cash and cash equivalents to support the company operations and reduce the impact of cash flow floating. The management level will supervise the borrowing limit and ensure the compliance with loan agreement.

c-1. Non-derivative financial liabilities liquidity and interest rate table

Non-derivative financial liabilities remaining contractual maturity analysis is the earliest date for the company may be requested for repayment and it was edited by financial liabilities undiscounted cash flows (Including principal and estimated interest). Therefore, the loan repayment date will list the earliest date in the following sheet without considering the percentage the banks will operate; other non-derivative financial liabilities remaining contractual maturity analysis will be edited by the agreed payment date.

	Dec. 31, 2023					
	Immediately or less than a month	1-3 months	3 months to 1 year	1 -5 years	Above 5 years	Total
Non-derivative financial liabilities						
Zero-coupon liability	$ 10,52	$ 1,80	$ 1,56	$ -	$ -	$ 13,89
Leasing liability	17	35	1,61	6,45	5,62	14,22
Floating rate tools	6,42	12,85	2,721,27	-	-	2,740,54
	$ 17,12	$ 15,01	$ 2,724,45	$ 6,45	$ 5,62	$ 2,768,67

	Dec. 31, 2022					
	Immediately or less than a month	1-3 months	3 months to 1 year	1 -5 years	Above 5 years	Total
Non-derivative financial liabilities						
Zero-coupon liability	$ 9,15	$ 55	$ 1,88	$ -	$ -	$ 11,58
Leasing liability	17	35	1,61	6,45	7,77	16,37
Floating rate tools	4,62	2,056,84	1,95	100,96	-	2,164,38
	$ 13,95	$ 2,057,75	$ 5,44	$ 107,41	$ 7,77	$ 2,192,34

c-2. Loan commitments

	December 31, 2023	December 31, 2022
Secured bank borrowing limit		
- Amount used	$ 2,702,000	$ 2,152,000
- Unused amount	350,000	1,348,000
	$ 3,052,000	$ 3,500,000

(29) Fair value information

A. The financial instruments for carrying amount measured (Including Cash、Other receivable, Refundable deposits, Other payable, and Long-term loans) at amortized cost is the reasonable approximation of the fair value.

B. Each level definition of evaluation technique to measure the financial and non-financial instruments：

Level 1： Same assets or liabilities quoted price in an active market (unadjusted).

Level 2： Besides the quoted price in an active market, observative input fair value belonging to the assets or liabilities direct (Price) or indirect (By estimating the price).

Level 3： Fair value by calculating observative input but not from observative market data of input.

V. Financial and non-financial instruments from fair value measurement in 2023and Dec.31, 2022.The company has sorted the data by assets and liabilities category, characterized, and its fair value level and shown below：

Recurring fair value	December 31, 2023 Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current	$ 1,186	$ -	$ -	$ 1,186
Financial assets at fair value through profit or loss - non-current	$ -	$ -	$ 103,785	$ 103,785
Financial assets at fair value through other comprehensive income - non-current	$ -	$ -	$ 5,181	$ 5,181
Investment real estate	$ -	$ -	$ 2,796,985	$ 2,796,985

Recurring fair value	December 31, 2022 Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - non-current	$ -	$ -	$ 95,094	$ 95,094
Financial assets at fair value through other comprehensive income - current	$ 3,728	$ -	$ -	$ 3,728
Financial assets at fair value through other comprehensive income - non-current	$ -	$ -	$ 3,603	$ 3,603
Investment real estate	$ -	$ -	$ 2,635,533	$ 2,635,533

D. Evaluation techniques and hypothesis for measuring fair value

(a) Fair value evaluation techniques not using fair value measuring instruments

The financial assets and liabilities measuring at amortized cost all belong to the not using fair value measuring instruments category. When using financial instruments to measure the fair value, it will take the latest dealing and quoting price as the basis if there is market making or dealer quoted. If not, the instruments will take the evaluation method which has used the DCF as the fair value measurement basis.

(b) Fair value evaluation techniques using fair value measuring instruments

If there is an active quotation, then it will take the quoted price as the fair value. The market price of the major stock exchanges and OTC markets are the listed and OTC equity instruments' fair value basis.

If the price can easily be found by exchanges, brokers, underwriters, industry associations, pricing service agencies, or competent authorities and the price can represent the actual and usually happens in fair market trading then it should consider having an active market quotation. If the conditions above did not meet then the market will be inactive. Generally, significant differences in buying and selling prices or low transaction volume will be considered inactive market indicators.

The evaluation sources for the company having financial instruments to decide the fair value are：

Financial instruments with active market：Domestic listed equity investments’ fair value is considered by the market quotation.

Financial instruments without active market：Unlisted domestic equity investments’ fair value is estimated by market comparable approach and its main hypnosis is using the net profit or net equity value and the comparable listed company market quotation as multiplier basis. The estimation has adjusted the discount due to the liquidity lacking the equity securities.

Private funds investment will use the assets value method for estimation and evaluate the total value for all the assets and liabilities individually in the funds to reflect the total value and discount for the liquidity lacking.

(c) Fair value evaluation technique for financial instruments using fair value measurement

The fair value technique for the company using for measuring the investment property follows the Regulations Governing the Preparation of Financial Reports by Securities Issuers and applied the external appraiser calculated by the land development analysis method.

Estimated selling amount collected the same supply and demand cycle and area nearby having similar product planning and price as disclosing basis. The fair value of the area is adjusted by each foundation and estimates the whole area's fair value.

The estimated selling amount for the land is considered the relative regulation, domestic economic outlook, local land use, and the market price estimating the sellable land and structures area in the most efficient developing way.

The fair value will increase when the estimate selling amount increases, margin increases, or overall capital interest rate decrease.

E. There is no transfer for fair value level financial assets in 2023and Jan. 1, 2022to Dec. 31, 2022.

F. Third level changing statement are shown below：

	January 1 - December 31, 2023				
	Opening balance	Purchase this issue	Recognized in profit or loss	Recognized in other comprehensive income or loss	Ending balance
Financial assets at fair value through profit or loss	$ 95,094	$ -	$ 8,691	$ -	$ 103,785
Financial assets at fair value through other comprehensive income	$ 3,603	$ -	$ -	$ 1,578	$ 5,181
Investment real estate	$ 2,635,533	$ 17,386	$ 144,066	$ -	$ 2,796,985

	January 1 - December 31, 2022				
	Opening balance	From real estate, plant and equipment	Recognized in profit or loss	Recognized in other comprehensive income or loss	Ending balance
Financial assets at fair value through profit or loss	$ -	$ 100,000	$ (4,906)	$ -	$ 95,094
Financial assets at fair value through other comprehensive income	$ 8,133	$ -	$ -	$ (4,530)	$ 3,603
Investment real estate	$ 2,492,956	$ -	$ 142,577	$ -	$ 2,635,533

G. Quantitative data for fair value Unobservable input parameters(third level) have been classified on the third level and having: Financial assets at fair value through profit or loss-Funds income certificate in the inactive market and financial assets measured at fair value through other comprehensive income- Securities exchange investment and investment property.

Quantitative data for unobservable input parameters：

Item	Evaluation technique	Unobservable input parameters	Relationship between unobservable input parameters and fair value
Financial assets at fair value through profit or loss－Funds income certificate in inactive market	Assets value method	Liquidity discount	Higher deduction rate, lower fair value
Financial assets measured at fair value through other comprehensive income- Equity instruments investment of inactive market	Analogous to the company act	Weighted average of P/B ratio and consider Liquidity discount	Higher weighted, higher fair value; higher deduction rate, lower fair value
Investment property	Discounted cash flow(DCF)	Long-term revenue growth rate and discount rate (Note)	Higher long-term revenue, higher fair value; higher deduction rate, lower fair value.

Note：Please check the note 6(10) for discount rate .

H. Sensitive analysis for the third level of fair value measurement and the fair value to the reasonable possible replacement hypothesis

The financial instrument company uses for fair value measurement are reasonable, if using a different evaluation model or parament might lead to a different result. For the profit or loss or other comprehensive income result impact changing evaluation parament on third level financial instrument：

	Input value	Move up or down	Changes in fair value Reflected in current profit and loss		Changes in fair value Reflected in other comprehensive income and loss	
			Favorable change	Adverse change	Favorable change	Adverse change
December 31, 2023						
Financial assets at fair value through profit or loss						
Fund benefit certificates without an active market	Liquidity discount	±5%	5,189	(5,189)	-	-
Financial assets at fair value through other comprehensive income or loss						
Investment in equity instruments without an active market	Net ratio multiplier	±5%	-	-	259	(259)
December 31, 2022						
Financial assets at fair Value through profit or Loss						
Fund benefit Certificates without an active market	Liquidity discount	±5%	4,755	(4,755)	-	-
Financial assets at fair value through other comprehensive income or loss						
Investment in equity instruments without an active market	Net ratio multiplier	±5%	-	-	180	(180)

The advantages and disadvantages of changing are the fair value fluctuations and the fair value is calculated using evaluation techniques based on different levels of unobservable input parameters.

7.Related party transaction

(1) Related party name and relationship

Relative party name	Relationship with the consolidate company
MRS company	Subsidiary
Chung Ling Co., Ltd.	Related party(Chairman are the first-degree relative with the company chairman)
Lin Chuang-Ru	Management level(Chairman of the company)
Lin He-Hui	Management level(The company director)

(2) Important transaction with the relative party

A.Operating expense

Accounting item	Relative party name	2023	2022
Operating expense－container unloading fee	Chung Ling Co., Ltd.	$ 35	$ 38

Perating expense－container unloading fee is the expense the company outsources to Chung Ling Co., Ltd. for unloading imported goods.

B.Operating expense

Accounting item	Relative party name	2023	2022
Operating expense－Export fee	Chung Ling Co., Ltd.	$ 59	$ 28

C. Other income

Accounting item	Relative party name	2023	2022
Rent income	MRS company	$ 16	$ -
Other income	MRS company	$ 500	$ -

Rent income is the income from the lease of office space by MRS company.

Other income is the remuneration for the Company's directorship of MRS company.

D.Other Receivables-Other

Names of Related Parties	December 31, 2023	December 31, 2022
MRS company	$ 500	$ -

E.Bill payable

Relative party name	December 31, 2023	December 31, 2022
Chung Ling Co., Ltd.	$ 19	$ 38

F.Lease Agreement

Guarantee deposits received

Names of Related Parties	2023	2022
MRS company	$ 4	$ -

Guarantee deposits received is the deposit for the office lease from MRS company to the Company.

G.Guarantee situation

Chairman Lin Chuang-Ru and directors Lin He-Hui are the joint guarantor for the loan agreement with the bank on 2023and 2022.

(3) Remuneration to major management level

Remuneration to directors and other major management level are shown below：

	2023	2022
Short-term employee benefits	$ 21,171	$ 22,471
Retirement benefits	(47)	(11)
	$ 21,124	$ 22,460

Remuneration of directors and other major management level will accordance with personal performance and the market trend.

8.Collateral assets

		Book value	
Item	Description	December 31, 2023	December 31, 2022
Real estate, plant, and equipment	Provide collateral to financial institution for loan	$ 600,513	$ 600,513
Investment property	〃	2,775,954	2,635,533
Total		$ 3,376,467	$ 3,236,046

9.Important or liability and unrecognized agreement

Besides the statue in other notes, the balance sheet still have the important agreement and incident to notice：

(1) The balance of unused letters of credit for imported raw materials is shown as follows：

Currency	December 31, 2023	December 31, 2022
USD	$ 1	$ 85

(2) The amount of promissory notes issued as of the end of 2023 and December 31, 2022,to obtain the comprehensive credit line from financial institutions is as follows：

Currency	December 31, 2023	December 31, 2022
NTD	$ 3,086,564	$ 3,510,000

10.Losses from major disasters: None.

11.Import events after the balance sheet date：None.

12.Others: None.

13.Additional disclosure information

(1)Important transaction information：

A. Lending funds to other: None.
B. Guarantee to someone: None.
C. Securities shares holding statement：Table 1。
D. The accumulated purchase or sale amount of the same security more than NT$300 million or paid-in capital more than 20%: None.
E. Getting real estate more than NT$300 million or paid-in capital more than 20%: None.
F. Disposal real estate more than NT$300 million or paid-in capital more than 20%: None.
G. Purchasing or selling goods amount more than NT$100 million or paid-in capital of more than 20%: None.
H. The amount of receivables from related parties reaches NT$100 million or 20% of the paid-in capital: None.
I. Financial derivatives trading: None.
J. Other business relationships and transaction amounts between the controlling company and subsidiaries: None.

(2)Reinvestment information：

Invested company name, location, and relative information：Table 2。

(3) China investment information: None.

(4) Major shareholders information：

Shareholders having more than 5% of shareholding name, shareholding amount, and holding ratio：Table 3.

14.Department information

Please refer to the 2023 consolidated financial statements.

Table 1

TongHwa Corporation and its subsidiaries
Shareholding situation
DECEMBER 31, 2023

Unit: NTD thousand dollar；Shares

Held Company Name	Marketable Securities Type and Name (Note1)	Relationship with the Company	Financial Statement Account	December 31, 2023				Remark
				Shares / Units	Book Value	Percentage of Ownership%	Market price / Net Euaity Value	
	Stocks							
TongHwa Corporation	Taiwan Semiconductor Manufacturing Company Limited	None	Financial assets at fair value through profits and losses-current	2,000	$ 1,186	-	$ 1,186	Note 2
〃	Tai Ling Textile Co., Ltd.	The Chairman is the director of the Compnay	Financial assets at fair value through other comprehensive income-Non-current	58,428	4,912	19.48	4,912	Note 3
〃	Hsinchu Golf Club Co., Ltd.	None	〃	3	269	0.35	269	Note 4
	Funds							
〃	Union Green Engery rivate Equity Limited Partnership	None	Financial assets at fair value through profits and losses- Non-current	-	103,785	4.67	103,785	Note 4
DongYe Investment Co., Ltd.	TongHwa Corporation	The Compnay	Financial assets at fair value through other comprehensive income-Non-current	2,522,865	51,845	4.46	51,845	Note 5

Note1： The securities stock is the IFRS No.9 "financial tool" defining of stocks, bonds, beneficiary certificates, and financial derivatives.

Note 2：The market price for the stocks is the closing price on Dec. 31, 2023.

Note 3：Is based on the invested company's self-prepared financial statement and refers to the average stock price and net value of listed textile companies.

Note 4：Taking the invested company financial statement as the calculated basis.

Note 5: The amount was eliminated upon consolidation.

Table 2

TongHwa Corporation and its subsidiaries invested company information, location and relative information
FOR THE YEAR ENDED DECEMBER 31, 2023

Unit: NTD thousand dollar ; shares

Investor Company	Investee Company (Note 1)	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Profit (loss) for current period of the investee company (Note 1(2))	Profit (loss) recognized for current period (Note 1(3))	Remark
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership %	Book Value			
TongHwa Corporation	TongYe Investment Co., Ltd.	12F.-1, No. 8, Ziqiang S. Rd., Zhubei City, Hsinchu County, Taiwan	Investment	$ 95,400	$ 95,400	5,490,000	90.00	$ 89	$ (75)	$ (67)	Subsidiary
	MRS company	9F, No. 56, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	Residence and Buildings Lease Construction	450,000	-	-	100.00	450,724	724	724	Subsidiary
	Donghua Leasing Co., Ltd.	No. 125, Taihe Village, Zhubei City, Hsinchu County	Car rental	15,000	-	-	100.00	14,977	(23)	(23)	Subsidiary
〃	Cetech Co., Ltd.	No. 48, Xuetian Rd., Wuri Dist., Taichung City , Taiwan	Processing, manufacturing and retailing of carbon paper, carbon cloth and carbon fiber cloth	30,000	30,000	3,000,000	12.44	9,586	10,781	1,341	Associates

Note1: (1)"Invested company", "Location", " Main business", "Original investment amount", and "Ending shareholding status" columns should filled in the information in order accordance to the reinvesting statement and noted the relationship with the company(if they are subsidiaries or second tear subsidiaries).
(2)" Invested company (loss) profit" column should fill the current period profit or loss amount.

(3) ” Recognized investment (loss) profit” column only needs to fill in with the profit or loss amount recognized by the company's subsidiaries that are accounted for as direct investments and the equity method valuation of the invested companies, and the rest can be left blank. When filling in the "Profit or loss amount of the current period for each subsidiary recognized as a direct investment," it should be confirmed that the profit or loss amount of each subsidiary for the current period already includes the investment profit or loss that should be recognized according to the regulations.

Note 2： The above investments were offset as consolidated financial statements were prepared by the parent and subsidiaries

Table 3

TongHwa Corporation
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Stock / Major shareholders	Total Shares Owned (Shares)	Ownership Percentage
CHUNG LING CO., LTD.	20,909,364	36.79%
NINGHAN DEVELOPMENT CO., LTD.	3,890,445	6.84%

Note 1： The table of major shareholders' information is calculated for all the common and preferred shares without physical registration delivery (including treasury shares) of more than 5% of the total shares by the TDCC every last business day of each quarter. The difference between the shares recorded in the financial report and the actual physical registration delivery shares is due to the differences in calculation basis.

Note 2： If the information above is shareholders' delivery trust will be disclosed individually. Besides, in accordance with the Securities and Exchange Act, shareholders having more than 10%, of their shareholdings include their trust with decision-making rights. The insider shares information can be found on Public Information Observation Station.

TongHwa Corporation
Content of significant accounting items
2023

(Besides additional notice, all the units will use NTD thousand dollar)

Cash flow statement

DECEMBER 31, 2023

Table 1

項　　目	摘　　要	金　　額
Cash on hand		$ 40
Bank deposits		
Check deposits		867
Current account deposits		360,257
Foreign currency deposits	USD 1,739.69 元	54
Total		$ 361,218

Exchange：USD

Financial assets at fair value through profit or loss - Current changing

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

Name	Beginning balance		Increase		Decrease		Current period valuation	Year-end balance		Collateral or pledge status	Note
	Shares	Book value	Shares	Amount	Shares	Amount		Shares	Book value		
Taiwan Semiconductor Manufacturing Company Limited	-	$ -	2,000	$ 1,134	-	$ -	$ 52	2,000	$ 1,186	None	
Dahua Youli Gao Filling 30	-	-	955,000	19,359	955,000	20,730	1,371	-	-	None	

<u>Financial assets measured at fair value through other comprehensive income - Current changing</u>

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

Name	Beginning balance		Increase		Decrease		Current period valuation	Year-end balance		Collateral or pledge status	Note
	Shares	Book value	Shares	Amount	Shares	Amount		Shares	Book value		
Hua Nan Financial Holdings Co., Ltd.	166,080	$ 3,728	-	$ -	166,080	$ 3,661	$ (67)	-	$ -	None	

<u>Inventory Statement</u>

DECEMBER 31, 2023

Table 4

Item	Descriptio n	Amount		Noted
		Cost	Net realizable value	
Commodity inventory		$ 2,341	$ 2,008	
Finishing goods		2,119	1,598	
Work In Process		2,761	-	
Raw materials		41,404	-	
Subtotal		48,625	$ 3,606	
Allowance to reduce inventory		(45,166)		
Total		$ 3,459		

Financial assets at fair value through profit or loss - Non-current changing

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 5

Name	Beginning balance		Increase		Decrease		Current period valuation	Year-end balance		Collateral or pledge status	Note
	Shares	Book value	Shares	Amount	Shares	Amount		Shares	Book value		
Union Green Energy Private Equity Limited Partnership	-	$ 95,094	-	$ -	-	$ -	$ 8,691	-	$ 103,785	None	

Financial assets measured at fair value through other comprehensive income - Non-current changing

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 6

Name	Beginning balance		Increase		Decrease		Current period valuation	Year-end balance		Collateral or pledge status	Note
	Shares	Book value	Shares	Amount	Shares	Amount		Shares	Book value		
TAI LING TEXTILE CO., LTD.	58,428	$ 3,334	-	$ -	-	$ -	$ 1,578	58,428	$ 4,912	None	
HSIN CHU GOLF COUNTRY CLUB	3	269	-	-	-	-	-	3	269	〃	
Total		$ 3,603		$ -		$ -	$ 1,578		$ 5,181		

Investing changes using equity-method table
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 7

Name	Beginning balance		Increase (Decrease) (Note 1)		Investment income/loss using equity-method	Cash dividend	Ending balance			Market price or net worth		Collateral or pledge status	Note
	Shares	Amount	Shares	Amount			Shares	Shareholding ratio	Amount	Unit price (NT$)	Amount		
Dongye Investment Co., Ltd.	5,940,000	$ (34)	—	$ 190	$ (67)	$ —	5,490,000	90%	$ 89	—	$ 89	None	
MRS Company	—	—	45,000,000	450,000	724	—	45,000,000	100%	450,724	—	450,724	〃	
Donghua Leasing Co., Ltd.	—	—	1,500,000	15,000	(23)	—	1,500,000	100%	14,977	—	14,977	〃	
CETECH CO., LTD.	3,000,000	8,245	—	—	1,341	—	3,000,000	12.44%	9,586	—	9,586	〃	
Add:Credit balance transferred to other non-current liabilities	—	34	—	(34)	—	—	—	—	—	—	—		
Amount		$ 8,245		$ 465,156	$ 1,975	$ —			$ 475,376		$ 475,376		

Note 1：Increase and decrease for the year are because of the adjustment of the net amount of the equity.

Change of right-of-use asset

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 8

Item	Beginning balance	Additions	Disposals	Reclassifications	Ending balance
Cost：					
Buildings	$ 17,771	$ -	$ -	$ -	$ 17,771
Accumulated depreciation：					
Buildings	$ 3,006	$ 1,865	$ -	$ -	$ 4,871
Net amount	$ 14,765	$ (1,865)	$ -	$ -	$ 12,900

Investment property value changing Table

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 9

Item	Beginning balance		Increasing		Decreasing		Reclassifications		Ending balance		Noted
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	
Donghua Section, Land No. 005 and 10 other parcels of land	$ 184,073	$1,349,639	$ 17,386	$ 85,170	$ -	$ -	$ -	$ -	$ 201,459	$ 1,434,809	Note
Donghua Section, Land No. 033 and 8 other parcels of land	143,536	1,285,894	-	76,282	-	-	-	-	143,536	1,362,176	Note
Total	$ 327,609	$2,635,533	$ 17,386	$ 161,452	$ -	$ -	$ -	$ -	$ 344,955	$ 2,796,985	

Note：1. Using the land development analysis approach to decide investment property fair value, the important hypothesis please check appendix 6(10).

2. Investment property fair value is evaluated by an independent assessment person and has been evaluated by Cushman & Wakefield appraisers Hu Chun-Chun and Tsai Cia-He on Dec. 31,2023.

Short-term borrowings Statement

DECEMBER 31, 2023

Table 10

Creditor	Type of loan	Equity at end of period	Amount used	Range of interest rates	Financing facilities	Mortgage or guarantee	Remark
Union Bank of Taiwan	Secured loans	$ 100,000	2023/10/5 ~ 2024/5/18	2.870%	-	Note 8	-

<u>Lease liabilities table</u>

DECEMBER 31, 2023

Table 11

Item	Leasing period	Discount rate	Amount
Buildings and structures	9.6 years	1.93~2.23%	$ 13,217
Decrease:list as current part			(1,831)
Lease liabilities—Non current			$ 11,344

Operating revenue table

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 12

Item	Description	Amount	Noted
Goods sales revenue	Polyacrylonitrile synthetic fiber	$ 20,857	

Operating costs table

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 13

Item	Amount	Noted
Product inventory		
Beginning inventory	$ 2,405	
Add: Net purchases	10,209	
Decrease: Ending inventory	(2,341)	
	10,273	
	-	
Indirect material used		
Beginning inventory	41,571	
Add: Net purchase material	19	
Decrease: Ending inventory	(41,404)	
Scarp materials	(3)	
Transferred to manufacturing overhead	(72)	
	111	
Direct Labour	1,237	
Production overheads	628	
Manufacturing costs	1,976	
Add: Beginning WIP inventory	6,412	
Other	7	
Decrease: Ending WIP inventory	(2,761)	
Cost of finished goods	5,634	
Add:Beginning finished goods inventory	22,436	
Decrease: Ending finished goods inventory	(2,119)	
Transferred to Selling expenses	(2)	
Cost of goods sold of self-produced products	25,949	
Inventory Write-Down Recovery	(20,184)	
Unallocated fixed manufacturing costs	636	
Operating Costs	$ 16,674	

<u>Operating costs table</u>

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 14

Item	Description	Selling expense	Management expense	Note
Salary		$ 2,467	$ 29,926	
Insurance		-	3,031	
Depreciation		-	4,051	
Labor cost		-	2,682	
Others	(Single amount lower than 5%)	22,391	12,462	
Total		$ 24,858	$ 52,152	

VI. Impact of financial position on financial turnover difficulties in the company and its relative company: None.

Seven. Financial position and financial performance analysis and risk matters

1、Financial position analysis

Financial position analysis table

Unit: NTD thousand dollar

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	837,990	467,630	370,360	79.20
Property, Plant and Equipment	686,167	637,176	48,991	7.69
Other Non-current Assets	2,953,932	2,781,707	172,225	6.19
Total Assets	4,478,089	3,418,883	1,059,206	30.98
Current Liabilities	2,719,656	2,068,414	651,242	31.49
Non-current Liabilities	486,882	588,568	-101,686	-17.28
Total Liabilities	3,206,538	2,656,982	549,556	20.68
Common Stock	568,343	568,343	0	0.00
Capital Surplus	8,008	8,006	2	0.02
Retained Earnings (Accumulated Deficit)	(775,854)	(818,023)	42,169	5.15
Total Equity	1,271,551	1,229,531	42,020	3.42

Description：

The increase in Current assets and Current liabilities was mainly due to the short-term borrowing by the consolidated company, Long-term borrowings to enrich future working capital and the establishment of subsidiaries.

2、Financial performance analysis

Financial performance analysis for the last 2 year

Unit: NTD thousand dollar

Item / Year	2023 Subtotal	2023 Total	2022 Subtotal	2022 Total	Increase/decrease amount	%
Operating income amount		20,587		20,754		
Decrease: Sales return and allowance		0		0		
Net operating income		20,587		20,754	-167	-0.80
Operating cost		16,674		27,919	-11,245	-40.28
Gross margin		3,913		(7,165)	11,078	154.61
Operating expense		77,522		75,541	1,981	2.62
Other income and expense		(966)		2,596	-3,562	-137.21
Operating loss		(74,575)		(80,110)	5,535	6.91
Non operating income and expense		114,722		101,275	13,447	-13.28
Interest revenue	3,690		321			
Other income	26,311		5,629			
Other revenue and loss	154,127		137,720			
Financial cost	(70,747)		(44,149)			
Equity-method loss of affiliates Shares	1,341		1,754			
Income/(Loss) before income taxes from continuing operations		40,147		21,165	18,982	89.69
Income tax (expense)Profit		(173)		645		
Net loss of the year		39,974		21,810	18,164	83.28
Other comprehensive income		1,833		76	1,757	2,311.84
Remeasurements of defined benefit plans	403		5,353			
Unrealized gains or losses on equity investments measured at fair value through other comprehensive income	1,511		(4,207)			
Income tax with items that will not be reclassified to profit or loss	(81)		(1,070)			
Total comprehensive income for the year		41,807		21,886	19,921	91.02

(1) Gross margin ratio has increased 154.61%, below is the description：

1. Scrapped Raw materials, Supplies, Work in progress and other Inventories in 2022.
2. No relevant expenses in 2023.

(2)Other comprehensive income changed by 2,311.84% from the previous period, mainly due to the increase in "Unrealized valuation profit and loss of investment in Fair value through Other comprehensive income" in the current period compared with the previous period.

3、Cashflow analysis

(1) Cashflow analysis for the last 2 years

Year / Item	Dec. 31, 2023	Dec. 31,2022	Increase(Decrease) ratio
Cashflow ratio	(3.89%)	(5.40%)	27.96%
Cashflow adequacy ratio	(385.54%)	(526.91%)	26.83%
Reinvestment ratio	14.82%	40.29%	-63.22%

Explanation of increase or decrease ratio changing：

1.Cashflow ratio has increased due to the current liability increase.

2. The cash flow fair ratio increased compared with the previous period, mainly due to the increase in capital expenditure in the current period compared with the previous period.

3. The decrease in cash reinvestment ratio compared with the previous period was mainly due to the decrease in working capital in the current period compared with the previous period.

(2) Cash flow analysis for the future year

Unit:NTD thousand dollar

Dec. 31, 2023 amount	Net cash flow from operating activities	Cash flow inflow and outflow	Pending remaining(Insufficient) cash amount	Insufficient amount and mitigation action	
				Investment plan	Financial planning
827,635	(112,135)	(365,500)	350,000	-	-

1. Cash flow analysis for the future yea：

(1)Operation activity：The operating income might decrease and will cause the cash outflow.

(2)Investment activity：Planning to purchase fixed assets and cause the cash inflow.

(3)Financial activity：Borrowing long-term loans and cause the cash inflow.

2. Insufficient amount and mitigation action:None.

4、Impact for important capital expenditure： None

5、Main reason for profit and loss of equity investment and its improvement plan and the future investing plan:None.

6. Risk evaluation：

(1) Impact and future response for interest, exchange, inflation change to company income: None.

(2)The main reason and future response for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guaranteed, and derivative trading policy to profit or loss: None.

(3) Future plan and planning R&D expenses: None.

(4) Impact and future response for important domestic and foreign policy changes to the company's financial business: None.

(5) Impact and future response for technology developing(including cyber security risk) and industry change to the company's financial business: None.

(6) Impact and response for company changing its image: None.

(7)Expected benefits, possible risk, and response for merging: None.

(8) Expected benefits, possible risk, and response for expanding factories: None.

(9) Expected benefits, possible risk, and response for centralized

purchasing or sales:None.

(1)The impact, risks, and response for significant transfers or changes in ownership of shareholders holding more than 10% of shares to the company: None.

(11)The impact, risk, and response for management rights change to the company: None.

(12) Litigation or non-litigation events: None.

(13) Other important risk and responses：

1. Account permission operations：

   The company will export the permission details to Digiwin Workflow ERP system accounts and let the department manager confirm if the department personnel permissions are appropriate and approved by the department and information manager.

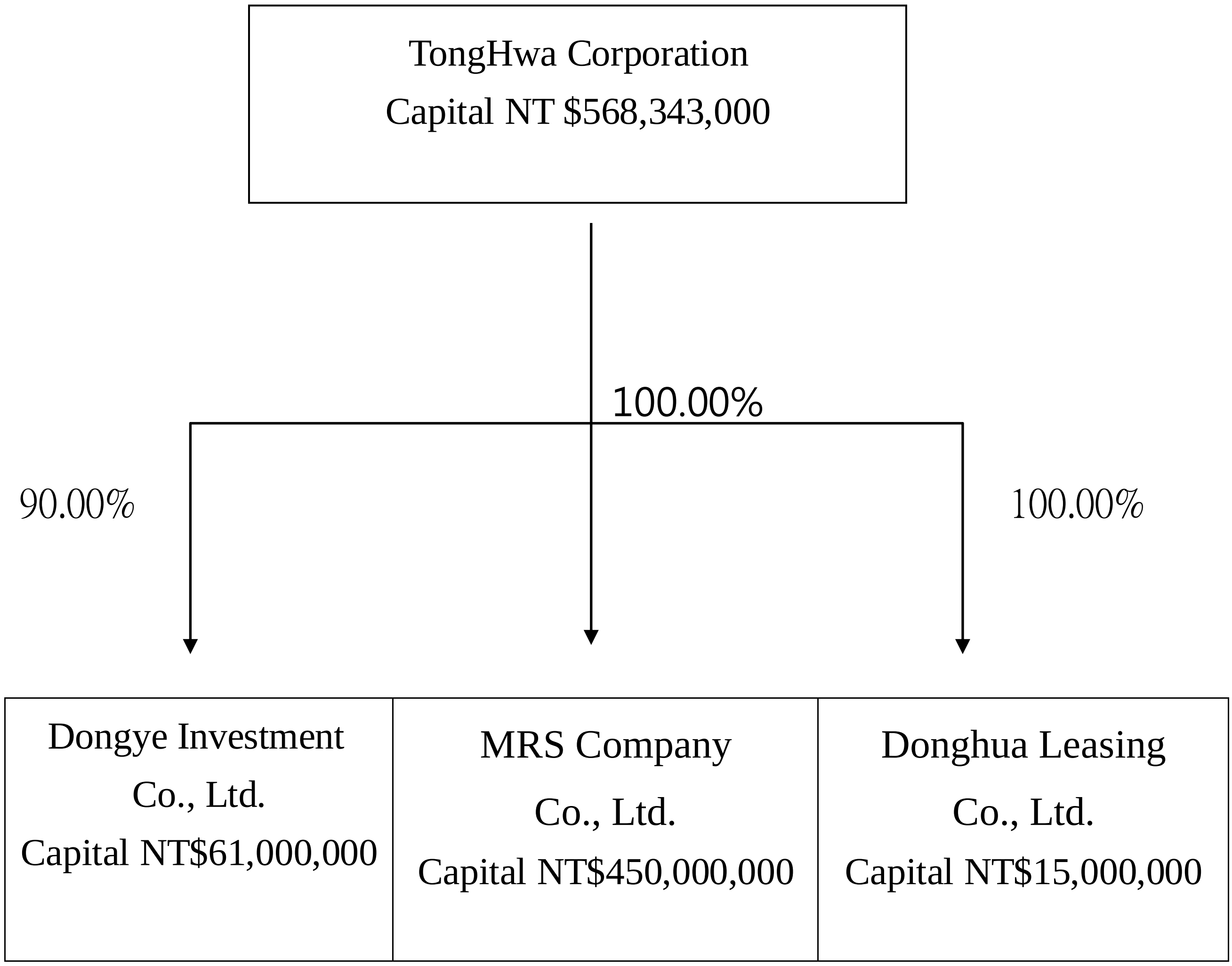
2. Regularly update antivirus software.

7、Other important matters: None.

Eight、Special Items

1、Information on affiliates

(1) Affiliates organizational chart



(2) Relative enterprise information

Unit: NTD thousand dollar

Name	Establishment date	Address	Paid-in capital	Main business
Controlling company: TongHwa Corporation	59.03	No. 56, Sec. 1, Xinsheng S. Rd., Da'an Dist., Taipei City 106, Taiwan	$568,343	1. Manufacturing and selling polyacrylonitrile synthetic fiber and polyacrylonitrile combed slub domestic or oversea. 2.Manufacturing(Polyacrylonitrile) and selling domestic or oversea. 3. Processing and selling polyurethane and its material domestic or oversea.
Subsidiary: Dongye Investment Co., Ltd.	89.08	12F.-1, No. 8, Ziqiang S. Rd., Zhubei City, Hsinchu County 302 , Taiwan	61,000	Investment
MRS Company Co., Ltd.	112.03	9F, No. 56, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	450,000	Residential and building development, lease, sale business, etc.
Donghua Leasing Co., Ltd.	112.09	1F, No. 125, Tai He Li, Zhubei City, Hsinchu County	15,000	Car rental business.

(3) Consider to the same shareholders controlling and subsidiary company information

Reason	Name	Shareholding		Establishment date	Address	Paid-in capital	Main business
		Shares	Ratio				
None							

(4) Whole relative companies business overview

1.Controlling company:

TongHwa Corporation(The company changed its name from "Tong-Hwa Synthetic Fiber Company Limited." to "TongHwa Corporation" on 2022.10.6. The company is a Taiwan-Japan joint venture, approved by the MOEA, established on March 2, 1970, in accordance with the Company Act and other relevant regulations, with the main business of producing and selling "polyacrylonitrile synthetic fibers".

2.Subsidiary:

Dongye Investment Co., Ltd. is founded in August 2000 and its main business is investment.

Shan He Zhuang Co., Ltd. In March 2023, in accordance with the Company Act and relevant laws and regulations of Other
It is mainly engaged in residential and building development, lease, sale business, etc.

Donghua Leasing Co., Ltd. In September 2023, in accordance with the Company Act and the Other it is mainly engaged in the passenger car rental industry.

(5)Directors, supervisors, and the president information

Unit:share；%

Company Name	Position	Name or representative	Shareholding	
			Shares	Shareholding ratio
Controlling company: TongHwa Corporation	Chairman	Lin Chuang-Ru	375,121	0.66
	Director and president	Lin Chuang-Ye	387,044	0.68
	Director	CHUNG LING CO., LTD. Representative：LinHe-Hui	20,909,364	36.79
	Director and vice president	Chiang Chi-Heang	56,187	0.10
	Director	NINGHAN DEVELOPMENT CO., LTD. Representative：Huang Yo-Chin	3,890,445	6.85
	Independent director	Li Chung-Ru	-	-
	Independent director	Qiu Zheng-Yi	-	-
	Independent director	Chen Wei-Tai	-	-

Unit:share；%

Company Name	Position	Name or representative	Shareholding

			Shares	Shareholding ratio
Subsidiary:				
Dongye Investment Co., Ltd.	Chairman and President	TongHwa Corporation representative：Lin Mei-Chin	5,490,000	90.00
	Director	TongHwa Corporation representative：Chiang Chi-Heng	5,490,000	90.00
	Director	TongHwa Corporation representative：Lin Chuang-Ru	5,490,000	90.00
	Supervisor	Li Li	61,000	1.00
MRS Company Co., Ltd.	Chairman	TongHwa Corporation representative：Lin Chuang-Ye	45,000,000	100.00
Donghua Leasing Co., Ltd.	Chairman	TongHwa Corporation representative：Lin Chuang-Ye	1,500,000	100.00

(6) Relative companies operating situation

Unit:NTD thousand dollar

Company Name	Capitalization	Asset amount	Liabilities amount	Net value	Operating income	Gross margin	Net profit or loss (After-tax)	Earning per share (Loss)(NT$) (After-tax)
Controlling company:								

TongHwa Corporation	$ 568,343	$ 4,477,958	$ 3,206,417	$ 1,271,541	$ 20,587	$ 3,913	$ 39,981	$ 0.74
Subsidiary:								
Dongye Investment Co., Ltd.	61,000	52,014	70	51,944	-	-	(75)	-
MRS Company Co., Ltd.	450,000	451,274	550	450,724	-	-	724	0.02
Donghua Leasing Co., Ltd.	15,000	14,982	5	14,977	-	-	(23)	(0.02)

(7) Consolidated balance sheet of relative company

Declaration

Since the year 2023 (from January 1, 2023, to December 31, 2023), in accordance with the " Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises ", the company should include consolidated financial statements of related enterprises and according to IFRSs the company that should be included in the preparation of consolidated financial statements of parent and subsidiary companies are the same in. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of related enterprises has already been disclosed in the consolidated financial statements of parent and subsidiary companies mentioned above and does not need to prepare separate consolidated financial statements of related enterprises.

Hereby certify

Company Name：TongHwa Corporation

Signatory：Lin Chuang-Ru

2024.3.11

(8) Related party report

The company doesn't need to edit the related party report.

2、Private offering of securities：None

3、Holding or disposal of the Company’s shares by its subsidiaries：

Unit:NTD thousand dollar；Share；%

Subsidiary name	112/12/31 Contributed capital	Funds source	Shareholding ratio	Acquisition or disposal date	Number and amount of shares acquired (Note 1)	Number and amount of shares disposed (Note 1)	Investment profit	Number and amount of shares held as of the date of publication of the annual report	Pledge of collateral situation	Subsidiary’s guarantee amount	Amount lent by the company to its subsidiary
Dongye	61,000	Sole	90	2023	0 0	10,000 212	0		None	0	0
				Until the annual report published date	0 0	0 0	0	2,523 46,762	None	0	0

Note：1. The amount referred to is the actual amount acquired or disposed of.

2. Impact on the company’s financial performance and financial condition: None.

4、Other necessary supplementary information：None.

Nine、 Circumstances listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' interest or the price of securities：None.

Ten. Code of Ethical Conduct of the Company：

Ethical conduct of TongHwa Corporation

2008.7.27 Established
2016.3.18 Amended

Article 1 Purpose and source of law

To ensure the company boards, managers, and all the employees are qualified to the ethical standard and let the shareholders learn more about the company's ethical regulations, the company has established these regulations in accordance with “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies”.

Article 2 Applicable parties

This regulation applied to the company directors, managers, and all the employees(In short " the company personnel").

Article 3 Prevention of conflict of interest

The employees should handle their duties objectively and efficiently and shall not use their position to benefit themselves, their spouses, parents, children, or any relatives within three degrees of kinship. If the company has any loan or beneficent interest relationship between the people or their enterprise shown above, the employee working in the company should notice to the company if there are any potential conflicts of interest to the company and process in accordance with the company regulation to prevent any conflicts of interest.

Article 4 Prevent the exploit opportunity for personal gain

The employee has the responsibility to increase the legal benefits of the company when the company has opportunities for profit.

The employee should avoid the action below：

(1) Opportunity using the company property, information, or any interest by position to obtain personal gain.
(2) Using the company property, information, or any interest by position to obtain personal gain.
(3) Compete with the company.

Article 5 Confidentiality obligations

The employees have an obligation to maintain the confidentiality of information concerning our company or its customers and suppliers, besides being authorized or required by law to disclose such information. Information that must be kept confidential includes all unpublished information that may be used by competitors or leaked causing harm to the company or its customers.

Article 6 Fair trading

Employees should equally treat all the company customers, suppliers, competitors, and personnel and it is forbidden to manipulate, conceal, and abuse the information by position for improper benefits.

Article 7 Protection and use of the company assets appropriately

All employees have the responsibility to protect the company's assets and ensure using business property effectively and legally. Theft, negligence, or waste can directly affect the company's profitability.

Article 8 Compliance with Laws and Regulations

The employees should comply with the company's regulations and adhere to the Securities and Exchange Act and other relative laws.

Article 9 Encourage any reports of illegal or unethical action

The company should strength the employee about the ethical thought and encourage the employee to be suspicious or report to the boards of directors, managers, internal auditors, or any qualified personnel when they find any illegal activity, and let the employee know the company will protect the whistleblowers for their safety.

Article 10 Punishment

If any employee violet the regulations, the company will implement punishment based on the circumstances.

Article 11 Exempting procedure

The principle for the directors or managers no need to follow ethical conduct should be approved by the boards of directors via voting and should disclose the personal name, position, approving date, the expiring date, the reason, and qualification information to let the shareholders decide if the decision is reasonable to prevent any suspicious action to protect the company.

Article 12 Disclosure

The company should disclose its ethical regulation in the annual report, prospectus, and the Market Observation Post System. Any amendments will take the same procedure.

Article 13 Implement

The regulations will implement and propose to the boards of directors after the boards of directors' approval. Any amendments take the same procedure.

TongHwa Corporation

Chairman　Lin Chuang-Ru

Published on 30 April 2024