Common Stock Code: 1449
The Company's website: http://www.chgtex.com

CHIA HER INDUSTRIAL CO., LTD

2023 Annual Report

(URL where the Annual Report can be found online: http://mops.twse.com.tw)

Prepared on May 30, 2024

CHIA HER INDUSTRIAL CO., LTD.

Spokesperson

Name: Weng, Wei-Chun Title: Assistant Manager
Telephone number: (06)7029961 ext. 1350
E-Mail address: u110507@chgtex.com

Acting spokesperson

Name: Huang, Chung-Hai Title: Special Assistant
Telephone number: (06)7029961 ext.1285
E-Mail address: u04367@chgtex.com

The address and telephone number of the company's headquarters, branch offices, and factories

(1) Headquarters: No. 207, Sanshe Vil., Xinshi Dist., Tainan City, Taiwan
Telephone number: (06)7029961 (4 lines)
Fax number: (06)7029965

(2) Daying Factory: No. 155, Fengrong, Xinshi Dist., Tainan City, Taiwan (Factory office at the Kingkong Smart Park)
Telephone number: (06)5991221

(3) Guantian Factory: No.11, Gongye Rd., Guantian Dist., Tainan City 720, Taiwan
Telephone number: (06)7029961 (4 lines)
Fax number: (06)7029965

(4) Branch Office: 7th F., No. 102, Dunhua North Road, Taipei City 105, Taiwan
Telephone number: (02)27123998
Fax number: (02)27123127

The agency handling shares transfer

Name: Capital Securities Corporation
Address: B2F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan
Telephone number: (02)27023999
Website: www.capital.com.tw

The annual financial report for the most recent fiscal year

Certified public accountants: CPA Hsu, Chen-Lung; CPA Su, Yen-Ta
Name of the accounting firm: KPMG Taiwan
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan
Telephone number: (02)81016666
Website: www.kpmg.com.tw

The name of any exchanges

where the company's securities are traded offshore: None.
The method by which to access information on said offshore securities: None.

The address of the company's website: http://www.chgtex.com

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One. Report to the Shareholders

1. 2023 operating results

(1). Review the implementation of the business plan

As of the year ended December 2023, the revenue amounted to NT$2,656,752 thousand, representing a growth of 6.95% compared to NT$2,484,187 thousand for the year ended December 31, 2022. However, the net profit for this period was NT$75,401 thousand, reflecting a decline of 23.56% from NT$98,636 thousand in the previous year. The net profit margin for the current period was 2.84%. The comprehensive (loss) income for this period was NT$97,395 thousand, with a basic earnings per share of NT$0.61.

(2). Review budget implementation (parent company only)

2023 Expressed in thousands of NTD

Profit and loss account	Budget amount	Actual amount	Achieving rate %
Net operating revenue	3,140,846	2,693,750	85.8
Operating costs	2,646,685	2,284,035	86.3
Gross profit (loss)	494,161	409,715	82.9
Operating expenses	348,134	389,846	112.0
Net operating profit (loss)	146,027	3,692	2.5
Net income (loss)	110,187	109,468	99.3

Note: The Company only set budget goals internally and did not publish its financial forecasts externally in 2023.

(3). Analysis of receipts, expenditures, and profitability

Expressed in thousands of NTD

Item	Fiscal year	2022	2023
Financial structure (%)	Debt to assets ratio	74.21	72.00
	Long-term capital accounted for fixed assets	1,027.33	822.24
Solvency (%)	Current ratio	134.67	101.71
	Quick ratio	44.27	27.30
Profitability (%)	Return on total assets (%)	2.75	2.57
	Return on equity (%)	6.47	4.58
	Basic earnings (loss) per share (NT$)	1.09	0.61

(4). Research and development work

Pursuing innovation in products is the lifeblood of our business operations. The Company has engaged more proactively in product research and development, with concrete achievements for the past year including:

1. Functional processing, Yi-Chu-type metallic yarns, profiled fiber cross-section + WICKING, Carapace element textile fiber.
2. Functional Bamboo Charcoal, Coolmax Fresh FX, 3D Mode, delicate Silk Touch different shrinkage compound, Power Shield Stretch, Cotton Blends interweave.
3. BAMBOO CHARCOAL, COTTON / SILK, COTTON / CASHMERE.
4. COTTONY low-fiber interwoven eco-friendly material Recycle polyester, PLA., Organic Cotton, Bamboo, Tencel.
5. Care Free XLA elasticity, Outdoor checkered Shirt, Outdoor Down Proof, home & furniture Sofa -Velvet like, Chenille, Cotton, Curtains –3m Black Out flame retardant series products.
6. HoWTec warm functional wool, iWoolTec cool functional wool, TwoolTec eco-friendly functional wool.
7. JACQUARD +elasticity, SORONA, delicate SEE-THROUGH + LUREX, ORGANIC COTTON, eco-friendly material RECYCLE POLYESTER, GREENCELL, INGEO.
8. Vehicle fabrics, fireproof materials, and wider width roller blind fabrics.
9. R&D and production of flat medical mask, sandwich mask, KF94 mask, and N95 mask.
10. Development of products for electric vehicles.

2. Summary of 2024 business plan

(1) Business policy

The Company has set a revenue growth target of 15% for its core textile business, limited the increase in operating costs to 9%, and aimed for the complete transfer of ownership at Daying Factory, Kingkong Smart Park, in 2024.

A. Business plan

1. Expand the market share of cotton spinning and wool spinning and increase the company's profits in order to turn a loss into a profit, at least reaching above the break-even point.
2. Continuously implement the VALUE-UP COST-DOWN activities
3. Constantly improve the yield rate of each production and processing station in each factory.
4. Make an overall upgrade of quality, cost, delivery date, and service
5. Strengthen modular management of orders.
6. Improve the speed proofing machine to gain the advantage of more business opportunities in the market.
7. Enhance budget implementation to strike a balance between revenues and expenditures.
8. Persistently make improvement and eliminate waste completely.
9. Manage external resources to make room for bigger profit.
10. Increase textile printing and special functional fabric business to make more room for profit.
11. Develop masks and mask-related products to increase revenue.
12. Increase the development of vehicle fabrics and expand cooperation with brand merchants.
13. The development and activation of the San She Factory and land aim to increase non-core revenue streams.
14. Development of products for electric vehicles, aiming to expand revenue and increase gross profit margin.
15. Initiating the "Stay in Taiwan" factory construction project.

B. Production plan

1. Align with business objectives to make quality, cost, delivery, and services meet customer needs.
2. Keep costs down and implement lean processes in production.
3. Develop highly-functional sports, outdoor, fireproof materials, and printed fabrics.
4. Enhance development and production of different functional yarns with warmth-/cool-keeping, eco-friendly, antibacterial and deodorant functions.
5. Carry out energy-saving and power-saving measures on an ongoing basis and stabilize production with stable temperature and humidity conditions.
6. Balance production at each production station to achieve an consistent and ultimate flow production line.
7. Improve dashboard just-in-time management functions to nip problems in the bud and strengthen abnormality management.
8. Implement the improvement plan for actual people, actual place, and actual thing and take a one-time action.
9. Ensure the customer K.P.I. achievement rate step by step and layer by layer.

10. Develop printing production technology and wider width roller blind fabrics to improve product output value.
11. Set up a mask factory and develop mask business to increase profits by expanding the niche market .

C. Selling expense plan

1. Where there are people, there is our market. Step up market development, especially in emerging markets, seek cooperation with local agents to develop markets.
2. Strengthen modular management of orders; build a close collaboration of production, sales, and R&D.
3. Enhance sales of inventory and customer complaint management; sell more the inventory which should be shipped but has not been shipped or for which the color should be specified by clients but has not been specified.
4. Start to be a major supplier of international apparel brands and distributors.
5. Implement the cost reduction plan and put an end to waste through continuous improvement.
6. Strengthen customer relationships and development of new customers.
7. Develop NOP and TOP as bread-winning products; take the lead in the domestic vehicle fabric technology.

D. Management expense plan

1. Conduct company-wide manpower check and personnel downsizing to reduce employment costs, especially make the plan for streamlining indirect labor.
2. Simplify workflows to reduce costs; focus on innovative profit models.
3. Strengthen personnel training to improve the quality of products and operations; cultivate long-term international marketing management talent.
4. Enhance logistics and cash-flow management over production, operation, procurement, and supply chain.
5. Reinforce interdepartmental interface management, integrate information management systems, and build a more efficient team.
6. Take advantage of external forces and pay attention to the experience and inspiration of the old master worker to reduce the cost of repeated failure.
7. Control spending on management expenses; apply budgetary control to achieve the goal.
8. Implement digital real-time information management.

E. Fund utilization plan

1. Revitalize sluggish inventory and idle assets.
2. Look for cheaper funds (new loans and cash capital increase) to replenish operating capital and reduce financial costs.
3. Improve inventory turnover and accounts receivable turnover.
4. Seek strategic development partners to create a win-win situation and mutual benefit.
5. Enhance operating performance of reinvestment and establish a more flexible room for capital use.
6. Increase the company’s net worth per share by leveraging asset revaluation and effect.

F. Conclusion

The Company will continue to improve its regular business to turn losses into profits, conduct R&D on new core fabrics, develop environmentally friendly fabrics and vehicle fabrics, strengthen cooperation with brand merchants, and pursue the revitalization of idle land at Sanshe Factory, in order to replenish operating capital and improve financial structure, ensuring steady growth in the post-pandemic era.

(2) 2024 sales volume forecast

Since its establishment, the Company has been taking Taiwan as its main production base, and its products have been designed, developed, spun, woven, dyed and finished consistently from cotton yarn and woolen yarn. It has maintained long-term cooperation and development with international raw material factories to jointly develop international products for global marketing and provide customers with higher added value and flexible production-to-order solutions. The Company actively caters to the trend of the market's pursuit of natural functions, and develops innovative functional wool products and functional fabrics to supply brands in global sports, outdoor, leisure, fashion, clothing industry and other fields; in addition, the revenue of vehicle materials products will be expanded from 2024. Expected sales volume in 2024: 27 million yards of finished cloth, 2,000 pieces of cotton textiles and 1.5 million pounds of wool textiles.

(3) Important production and sales policies

Production - lean production

1. Relentlessly pursue minimizing operational wastes and establish an effective just-in-time delivery and production mechanism by adopting a market and customer orientation approach.
2. Accurately meet the needs of customers through best quality, lowest cost, and fastest speed.
3. Enhance cooperation with third-party factories and processing factories; promote products to end users to bring in additional gross profit.
4. The cotton/wool spinning factory provides products with optimal quality at the lowest cost, allowing the company to gain competitive advantage in dyeing and weaving and cut down expenses.
5. Production and development of high-margin blended fabric products to become a leading domestic manufacturer.
6. Add textile printing business and wider width roller blind fabrics to make more room for profit.
7. Expand the production and sales of masks, create the brand of Chacer and enhance the design masks to boost revenue and profits.
8. Shipping of automotive products to increase revenue.

Sale - operation by subtraction; expand niche product mix

1. Remove product items that are not making a profit and get into niche products and markets.
2. Perform analysis of price and quantity on product mix to find the best integration of production and sales.
3. Plough deeply the global market and actively develop new business and new markets.
4. Seek cooperation with local agents to develop markets.

(4) Marketing planning

1. Directly export cotton/wool spinning yarn, in line with the customer demand for dyeing and weaving outdoor functionality, provide yarn used for accessories, such as hats, socks, and knee pads.
2. Expand OEM for dyed yarn knit at the yarn dyeing factory, expand OEM for dyed yarn at the knitting factory and sale of dyed yarn at the cotton/wool factory.
3. Put functional yarns from cotton/wool factories as the main force in knitted fabrics, with dyeing and weaving outdoor functionality to be promoted to the fields of outdoor, sports, leisure, and fashion.
4. Keep promoting self-owned brand
   4-1 Design based on brand innovation; promote Chia Her self-owned brand.
   4-2 Increase the company's brand awareness through brand packaging and image integration; introduce new products at international exhibitions and publish in international media and journals
5. Obtain international environmental protection certification
   5-1 Control Union 4-in-1 Organic Cotton and Recycled Polyester Full Process Certification.
   5-2 Blue Sign environmental protection, energy saving, and carbon reduction full process certification.
   5-3 IATF 16949 certification.
   5-4 Responsible Wool Standard (RWS).
6. Obtain Class I medical device license from the Ministry of Health and Welfare
   6-1 CHACER medical mask (unsterilized) License No. MHW-Medical-Equipment-Production-I-Zi-008742
   6-2 FDA Listing; List No.D429083; Owner No.10079517.

3. The company's future development strategy

(1) Cotton spinning product mix

Cotton spinning yarn products will be developed with the trend of the yarn structure mainly using natural fiber raw materials combined with environmentally friendly recycled materials and supplementing with multi-fiber blended materials. Low-hairiness yarns, fancy yarns, and functional yarns will continue to be the mainstream products that occupy in the high-end product market, such as the following product series:

•37.5 Technology / Cotton
•Lenzing Tencel & Tencel C& Tencel SUN
•COOLMAX ALL SEASON
•CORDURA - NYCO
•INVISTA (T400)
•DuPont SORONA
•Eco-friendly, recycled PARLEY thread Unifi

(2) Wool spinning product mix

Wool spinning yarn products will be developed with the trend of being mainly made of shrink-resistant wool materials and supplemented with functional fiber blended materials. They are still popular with consumers when paired with high-grade raw materials, such as cashmere, camel wool, yak, silk, or other natural fibers. The products are developed with functional yarns such as Sirospun yarn, Sirofil yarn, and Compact yarn in terms of the spinning method, coupled with the spinning technology of ultra-fine high-count wool and its blended products is essential for the Company to gain a foothold in the international market. The product series are as follows:

•CoolVisions / Wool
•Outlast / Wool
•TENCEL / Wool
•COOLMAX ALL SEASON / Wool
•Cordura combat wool
•Sorona / Wool

(3) Dyeing and weaving product mix

With the pyramid-shape product strategy, the dyeing and weaving product are segmented into Premium (high-end products), Advanced (mid-priced products) and Essential (base products). The product mix paired with the four major product series of wool fabric, spun, mixed weave, and filament is shown in the below table:

	Wool fabric	Spun	Mixed weave	Filament
Premium	•Functional wool spinning	•CORDURA® Cotton •Reflective	•ProTec™	•CORDURA® •Reflective •Super Fine
Advanced	•Functional cotton spinning •Cotton-spinning wool fabric	•TENCEL® •Elastic FlannelTec™ •STORM COTTON™ •TransDRY®	•Relax (CN,NC,T400)	•+STec™ •ProTec™ •Ombre •Memory •Suede •+S™(Nylon) •Y.D. Shirts
Essential	•Cotton-spinning wool fabric	•Y.D. Shirts •FlannelTec™	•Relax(CVC,TC) •Rayon(TR)	•+S™(Poly) •DoubleTec™ •Poly Jacket •Poly Pants

(4) Research and development work

The Company set up the Chia Her Sustainable Innovation R&D Center Project on July 1, 2015, with the main task of building the company's institutionalized R&D organization/team and enhance the company's original R&D scale and capability. Under the mode of operation of an independent organization, in addition to developing new fabrics in line with international brands and cultivating advanced research and development capabilities and talent, it also concentrates on forward-looking fields with market size potential and a high tendency to develop in the future.

R&D field	Subfield	Objective
Field A Functional and eco-friendly innovative wool spinning technology	Innovative wool spinning technology development	● Increase technological autonomy/assist in industrial or business transformation Chia Her has applied cotton/wool fibers as the main raw materials for products for a long time. It expects to further develop differentiated spinning technology based on the existing spinning technology in order to achieve product value and technology innovation.
	Functional composite wool spinning technology	● Increase technological autonomy/assist in industrial or business transformation With the existing spinning equipment and technology, further develop key components and technologies of filament/spun composite spinning to achieve composite functions of products and independence of key components
	High-value wool spinning technology development	● Value innovation/Increase technological autonomy Based on the existing spinning technology, further develop high-quality and high value-added spinning technology to achieve high value of products and technology innovation
Field B Green sustainable dyeing and finishing technology	Dyed yarn technology development	● Technology innovation/Increase technological autonomy Increase technological autonomy and product competitiveness through the development of yarn dyeing and finishing technology with high color contrast ratio
	Fabric dyeing and finishing technology	● Technology innovation/Increase technological autonomy Initiate industry-leading technology with the built foam coating wool spinning finishing technology and one-time color dyeing and finishing process technology
Field C Brand promotion and added value of IP rights	Brand building and promotion	● Value innovation/assist in business transformation Enhance the visibility and value of the corporate and private brand in the B2B market by building and promoting corporate image recognition and self-owned brand
	Patent deployment analysis and application	● Value innovation/assist in business transformation Value can be added to technologies/products derived from the R&D process by means of patent deployment for the related technology/product

(5) Long-term business development plan

In response to changes in the economic climate and pandemic situation, the Company needs to be wary of receiving orders in the future. On the one hand, it has to carefully select every product mix to increase the gross profit and reduce production and purchase costs, and on the other hand, develop stock cloth into products and actively promote them to enrich the Company's cash flow. With respect to cost control, each department implements a budget based on the annual budget. The differential analysis and improvement should be conducted every quarter, material losses in production and human resource allocation should be improved, and obsolete machinery and equipment should be replaced in a planned way to improve product yields. For spun business development, Chia Her will start a product transformation, make full use of its one-stop factory advantage, and carry out standardized operations to reduce abnormality rates and ensure product profitability. For filament business development, given the current trend of product diversification in the market, it will actively develop new fabrics. In order to retain product profitability while receiving orders, it is necessary to expand the output of the bottom product and reduce the production cost to achieve economic scale, cultivate the adaptability of factory supervisors under market uncertainty, and strengthen cooperation between the factory and the business side to achieve the balance between production and sales. Looking into the future, Chia Her will make an all-out effort to develop new types of textiles, increase research and development capabilities, and cooperate with brand owners in various fields to increase revenue and profitability. In the fiscal year 2024, the Company is expected to ship electric vehicle products, leading to an increase in the gross profit margin. Additionally, the company will initiate the "Rooted in Taiwan" project, aiming to establish a brand-new smart and energy-efficient factory at the San She Plant. This project will begin planning in fiscal year 2024 and is projected to be completed by Q2 of fiscal year 2027. This initiative will transform Jiahe and pave the way for sustainable operations.

4. The effect of external competition, the legal environment, and the overall business environment

In order to keep up industrial competitiveness and gain a firm foothold in the position of a major textile supplier in the world, Taiwan's textile industry has focused on the fields of outdoor, leisure, sports, fashion clothing market and industrial textiles and continuously developed unique and high value-added textiles in line with the sustainable environmental protection policy of international brands and combined with new technology to make innovation in functional textile applications.

Thanks to the elimination of global textile quotas, regional free trades have been seen more often in recent years and countries have signed bilateral trade agreements to protect their industrial interests in other countries, such as Trans-Pacific Partnership (TPP), North American Free Trade Agreement (NAFTA), EU's Everything but Arms (EBA) trade preferences to LDCs, the Comprehensive Economic Cooperation Framework Agreement between ASEAN and China, the Closer Economic Partnership Arrangement (CEPA) between China and Hong Kong, and the Philippines granted zero-tariff treatment in 2008 to textiles and garments from ASEAN countries, which all play an important role in the competitiveness of the textile industry. In response to changes in the global situation and the trend of regional integration, Taiwan's yarn spinning companies keep the whole world in view as their strategy through not only actively exploring export markets, but also gradually expanding production bases overseas, so as to reduce production costs, hold up against the international competition, and even improve the breadth and depth of bilateral linkages in the supply chain.

Chairman:	**General Mananger:**	**Chief Accounting Officer:**
Weng, Wei-Hsiang	**Weng, Wei-Hsiang**	**Weng, Wei-Chun**

Two. Company Overview

1. Date of incorporation: December 12, 1972

2. Brief history of the company

1980	Merged Chin Chin Ltd. and established Daying Factory; in 1981, the Company expanded itself into a filament weave manufacturer, which had been the most advanced and professional filament weave factory in Taiwan.
1982	Set up a filament dyeing and finishing plant, introduced advanced dyeing and finishing machinery and equipment from Japan, and established a one-stop production process for filament fabrics.
1988	In order to make products more competitive, the Company replaced obsolete machinery and equipment with new ones, purchased 81 units of air-jet shuttleless looms, and removed 181 units of traditional shuttle looms.
1989	In response to the market trend of filament, the Company decided to expand Daying Factory and build a new factory to be used as a throwing room, with further purchase of 19 units of throwing equipment.
1990	Completed the construction of Daying Factory and purchased 39 units of throwing equipment and 20 units of water-jet shuttleless looms Purchased 81 units of air-jet shuttleless looms and removed 37 units of traditional shuttle looms; in order to align with government policy and speed up the improvement of the dyeing and finishing factory’s problem in wastewater treatment, the Company established the “Dyeing and Finishing Industrial Wastewater Reduction and Treatment Technology Acquisition and Cooperative Development Plan” with the Institute of Chemical Engineering of the Industrial Technology Research Institute to introduce technologies in an attempt to solve the problem of dyeing and finishing wastewater pollution.
1991	Initiated a cash capital increase of 26,987,500 shares and a capitalization of retained earnings of 36,337,500 shares, with a par value of NT$10 per share, to purchase ten items of equipment including 102 units of additional air-jet looms, and repay the loan for addition of production machinery and equipment, increasing the capital to One Billion Three Hundred and Sixty Million New Taiwan Dollars (NT$1,360,000,000) after capital increase and capitalization, which had been approved per Letter Ref. No. (80)-Taiwan-Finance-Securities-(I)-02322 of the Securities and Exchange Commission of the Ministry of Finance. Supervisor Ko, Chin-Yen was dismissed from his position due to his death on June 21, 1991. Director and Vice General Mananger Chen, Jen-Fa resigned on August 26, 1991 and dismissed his position as Vice General Mananger because he had been busy with his work and there was no time left for this position.
1992	The listing contract was reviewed and filed for future reference per 31 January 1992 per Letter Ref. No. (81)-Taiwan-Finance-Securities-(I)-10043 of the Securities and Exchange Commission of the Ministry of Finance. The Company held the pre-listing performance presentations for initial securities listing publicly on March 12, 1992 and its shares were officially listed on the TWSE on May 6. Initiated a cash capital increase of

	17,000,000 shares and a capitalization of retained earnings of 27,200,000 shares, with a par value of NT$10 per share and the capital amounting to One Billion Eight Hundred and Two Million New Taiwan Dollars (NT$1,802,000,000), to expand and replace old with new factory buildings and machinery equipment, including 42 units of air-jet looms and 156 units of water-jet looms, set up a wastewater treatment demonstration plant, and repay the loan for addition of production machinery and equipment, which had been approved per Letter Ref. No. (81)-Taiwan-Finance-Securities-(I)-01955 of the Securities and Exchange Commission of the Ministry of Finance.
1993	Issued a total of 36,040,000 ordinary shares for capital increase out of unappropriated retained earnings of NT$252,280,000 and capital reserve of NT$108,120,000 to repay the bank loan for machinery and equipment and improvement of financial structure. For the purpose of replacing old machinery equipment with new ones, the Company also initiated a cash capital increase of Three Hundred Million New Taiwan Dollars (NT$300,000,000), with a par value of NT$10 at a premium of NT$18 per share, which raised a total of NT$540,000,000, to replace 240 units of water-jet looms, purchase 120 units of air-jet looms and 120 units of water-jet looms, and had been approved per Letter Ref. No. (82)-Taiwan-Finance-Securities-(I)-01715 of the Securities and Exchange Commission of the Ministry of Finance, increasing the capital to NT$2,462,400,000.
1994	Initiated a cash capital increase of NT$450,000,000, with the issue price of NT$20 per share, and a total of NT$900,000,000 were raised, mainly to increase capital for the investment company CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD. in an amount of NT$202,500,000 and for expansion of the jacquard factory building and purchase of machinery and equipment in an amount of NT$697,500,000, which had been approved per Letter Ref. No. (83)-Taiwan-Finance-Securities-(I)-35133 of the Securities and Exchange Commission of the Ministry of Finance.
1995	Initiated a capitalization of retained earnings; totaled paid-in capital of Three Billion Seven Hundred Eighty Four Million and Eight Hundred Thousand New Taiwan Dollars (NT$3,784,800,000), with ordinary share capital of Three Billion and Four Hundred Eighty Million and Eight Hundred Thousand New Taiwan Dollars (NT$3,484,800,000) and special share capital of Three Hundred Million New Taiwan Dollars (NT$300,000,000)
1996	Changed the plan for the current cash capital increase and purchased additional 80 units of jacquard looms to repay bank loan and improve financial structure
1997	Initiated capital increase out of earnings and capital reserve; totaled paid-in capital of Four Billion Five Hundred Sixteen Million Six Hundred and Eight Thousand New Taiwan Dollars (NT$4,516,608,000)
1998	Issued a total of 50,599,296 ordinary shares for capital increase out of unappropriated retained earnings of NT$463,826,880 and capital reserve of NT$42,166,080 to repay loans and improve financial structure and also to expand production equipment of NT$662,186,000 and make an investment of NT$337,814,000 in Yung Sheng Securities Co., Ltd.; initiated a cash capital increase of Five Hundred Million New Taiwan Dollars

	(NT$500,000,000), with a par value of NT$10 at a premium of NT$20 per share, which raised a total of One Billion New Taiwan Dollars (NT$1,000,000,000) and had been approved per Letter Ref. No. (87)-Taiwan-Finance-Securities-(I)-59008 of the Securities and Exchange Commission of the Ministry of Finance.
1999	Issued a total of 82,839,015 ordinary shares for capital increase out of unappropriated retained earnings of NT$497,034,090 and capital reserve of NT$331,356,060 to strengthen the company's working capital, which had been approved per Letter Ref. No. (88)-Taiwan-Finance-Securities-(I)-56384 of the Securities and Exchange Commission of the Ministry of Finance, increasing the capital to NT$6,350,991,110; also issued corporate bonds of One Billion New Taiwan Dollars (NT$1,000,000,000) to repay loans and strengthen the company's working capital, which had been approved per Letter Ref. No. (88)-Taiwan-Finance-Securities-(I)-59375 of the Securities and Exchange Commission of the Ministry of Finance.
2000	Originally planned to issue a total of 31,754,955 shares for capital increase out of capital reserve of NT$317,549,550 in 1999; however, the capital increase out of capital reserve in 1999 was suspended after the board of directors evaluated the international economic situation and market factors and would be resumed at an appropriate time
2002	In July, the Company repaid Three Hundred Million New Taiwan Dollars (NT$300,000,000) of maturing corporate bonds.
2003	In May, signed a joint loan agreement of NT$2,580,000,000 with seven banks and paid off first bonds payable, long-term loans, and short-term loans of all loan banks In September of the same year, 4,816,000 shares of treasury shares were canceled and the capital was decreased to NT$6,302,831,110
2005	Reduced capital by NT$2,142,962,580; canceled 214,296,258 issued ordinary shares to cover losses, which had been approved per 31 August 2005 Letter No. Finance-Supervisory-Securities-I-0940128789 of the Financial Supervisory Commission, Executive Yuan, decreasing the capital to NT$4,159,868,530
2006	(1) Pursuant to a resolution adopted by the regular shareholders' meeting on June 9, NT$317,549,550 temporarily listed by the company in stock dividends to be distributed were transferred back to capital reserve per 31 August 2005 Letter No. Finance-Supervisory-Securities-I-0940128789 of the Financial Supervisory Commission, Executive Yuan (2) Pursuant to a resolution adopted by the regular shareholders' meeting on June 9, NT$317,549,550 temporarily listed by the company in stock dividends to be distributed were transferred back to capital reserve per 31 August 2005 Letter No. Finance-Supervisory-Securities-I-0940128789 of the Financial Supervisory Commission, Executive Yuan (3) In November, signed a joint loan agreement of NT$1,800,000,000 with seven banks; paid off first the total debt of the 2003 joint loan and strengthened the company's medium-term working capital
2007	Pursuant to a resolution adopted by the regular shareholders' meeting on June 13, NT$627,489,532 of "capital reserve - value increments through asset" to cover losses originally passed by a resolution adopted by the regular shareholders' meeting on June 9, 2006 were adjusted and reversed

	to "unrealized revaluation increments" and "deficit to be offset" per 4 December 2006 Letter No. Economic-Business-09502432290 of the Ministry of Economic Affairs
2008	Reduced capital by NT$1,663,947,410, canceled 166,394,741 issued ordinary shares to cover losses, which had been approved the Financial Supervisory Commission, Executive Yuan per 1 December 2008 Letter No. Finance-Supervisory-Securities-I-0970063343, decreasing the capital to NT$2,495,921,120
2009	Reduced capital by NT$623,980,280, canceled 62,398,028 issued ordinary shares to cover losses, which had been approved per 11 September 2009 Letter No. Finance-Supervisory-Securities-Issuance-0980044846 of the Financial Supervisory Commission, Executive Yuan, decreasing the capital to NT$1,871,940,840
2013	(1) Raised NT$891,000,000 in capital by the 1st private placement per 15 August 2013 Letter No. Economic-Authorization-Business-10201167610 of the Ministry of Economic Affairs, increasing the capital to NT$2,762,940,840 (2) Raised NT$300,000,000 in capital by the 2nd private placement per 7 March 2014 Letter No. Economic-Authorization-Business-10301038990 of the Ministry of Economic Affairs, increasing the capital to NT$3,062,940,840 (3) Raised NT$30,900,000 in capital by the 3rd private placement per the 29 May 2014 Letter No. Economic-Authorization-Business-10301098890 of the Ministry of Economic Affairs, increasing the capital to NT$3,371,940,840
2014	Reduced capital by NT$2,171,940,840, canceled 120,579,084 issued ordinary shares and 96,615,000 ordinary shares by private placement to cover losses, which had been approved per 13 August 2014 Letter No. Finance-Supervisory-Securities-Issuance-1030028485 of the Financial Supervisory Commission and 29 September 2014 Letter No. Economic-Authorization-Business-10301189070 of the Ministry of Economic Affairs, decreasing the capital to NT$1,200,000,000
2015	(1) Issued the 1st series private placement domestic unsecured convertible corporate bonds of NT$275,000,000 in 2015, with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AA) issued by the Taiwan Depository & Clearing Corporation on October 5, 2015 (2) Issued the 2nd series private placement domestic unsecured convertible corporate bonds of NT$25,000,000 in 2015 with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AB) issued by the Taiwan Depository & Clearing Corporation on July 22, 2016
2016	(1) Issued the 1st series private placement domestic unsecured convertible corporate bonds of NT$100,000,000 in 2016, with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AC) issued by the Taiwan Depository & Clearing Corporation on February 24, 2017

	(2) Issued the 2nd series private placement domestic unsecured convertible corporate bonds of NT$50,000,000 in 2016, with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AD) issued by the Taiwan Depository & Clearing Corporation on June 30, 2017 (3) Issued the 3rd series private placement domestic unsecured convertible corporate bonds of NT$50,000,000 in 2016, with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AE) issued by the Taiwan Depository & Clearing Corporation on July 7, 2017
2017	(1) Obtained approval to complete the "Program to Encourage Domestic Enterprises to Set up R&D Centers in Taiwan" initiated by the Ministry of Economic Affairs (2) Applied for the issuance of 18,000,000 shares of employee share subscription warrants, which had been approved per 6 December 2017 Letter No. Finance-Supervisory-Securities-Issuance-10600472205 of the Financial Supervisory Commission
2018	(1) The 1st series private placement domestic unsecured convertible corporate bonds of NT$275,000,000 in 2015 would mature in 3 years; returned cash in full on October 6, 2018 (2) Issued the 1st series private placement domestic unsecured convertible corporate bonds of NT$203,000,000 in 2018, with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AF) issued by the Taiwan Depository & Clearing Corporation on November 14, 2018 (3) Obtained IATF 16949 certification (4) On November 13, 2018, the board of directors authorized the Chairman to set the issuance date of employee share subscription warrant for November 30, 2018 where 18,000,000 shares were issued with a duration of 6 years. (5) Issued the 2nd series private placement domestic unsecured convertible corporate bonds of NT$25,000,000 in 2018, with the certificate of the registration of dematerialized securities (Chia Her Private Placement YS26AG) issued by the Taiwan Depository & Clearing Corporation on July 22, 2019
2019	The 2nd series private placement domestic unsecured convertible corporate bonds of NT$25,000,000 issued in 2015 would mature in 3 years; returned cash in full on July 25, 2019
2020	(1) The 1st series private placement domestic unsecured convertible corporate bonds of NT$100,000,000 issued in 2016 would mature in 3 years on March 1, 2020 and converted into 30,030,030 shares of share capital at NT$3.33 per share; paid-in capital totaled NT$1,500,300,300 after conversion (2) Conducted the issuance of 30,000,000 new shares for cash capital increase in 2020, with a par value of NT$10 per share and a total issuance amount of NT$300,000,000, which had been filed for effective registration on record per 7 February 2020 Letter No. Finance-Supervisory-Securities-Issuance-1080342217 of the Financial Supervisory Commission. Fund raising was completed on March 24,

	2020 and new shares were listed on the TWSE on March 27, which had been approved per 7 May 2020 Letter No. Economic-Authorization-Business-10901057160 of the Ministry of Economic Affairs; paid-in capital totaled NT$1,800,300,300 after cash capital increase. (3) Conducted the capital reduction in 2020, in which capital was reduced by NT$980,300,300 and 52,608,842 issued ordinary shares and 45,421,188 ordinary shares through private placement were canceled to cover losses, which had been approved per 28 August 2020 Letter No. Finance-Supervisory-Securities-Issuance-1090353605 of the Financial Supervisory Commission and 13 October 2020 Letter No. Economic-Authorization-Business-10901189950 of the Ministry of Economic Affairs; paid-in capital totaled NT$820,000,000 after capital reduction. (4) On November 30, 2020, it had been 2 full years since the issuance of employee share subscription warrants. According to the regulations governing the issuance of employee share subscription warrants, the ratio at which share subscription warrants can be exercised after 2 full years since the issuance of employee share subscription warrants should not exceed 50% of the total number of shares to be issued (50% of 18,000,000 shares to be issued, which was 9,000,000 shares). As of December 31, 2020, a total of 5,812,500 ordinary shares were issued on exercise of employee share subscription warrants at the subscription price of NT$10.76 each share, which had been approved per 22 February 2021 Letter No. Economic-Authorization-Business-11001026270 of the Ministry of Economic Affairs; paid-in capital totaled NT$878,125,000. (5) Obtained Class I medical device license from the Ministry of Health and Welfare: CHACER medical mask (unsterilized) License No. MHW-Medical-Equipment-Production-I-Zi-008742 FDA Listing; List No.D429083; Owner No.10079517
2021	(1) As a consequence of exercise of employee share subscription warrants, a total of 270,000 ordinary shares were issued in the first quarter of 2021 at the subscription price of NT$10.76 each share, increasing paid-in capital by NT$2,700,000, which had been approved per 21 April 2021 Letter No. Economic-Authorization-Business-11001069950 of the Ministry of Economic Affairs; paid-in capital totaled NT$880,825,000 (2) As a consequence of exercise of employee share subscription warrants, a total of 107,000 ordinary shares were issued in the second and third quarters of 2021 at the subscription price of NT$10.76 each share; increased paid-in capital by NT$1,070,000 (3) The 1st series private placement domestic unsecured convertible corporate bonds of NT$203,000,000 issued in 2018 would mature in 3 years, and on November 23, 2021, the record date for exchange of new share, converted into 24,023,663 shares of share capital at NT$8.45 per share; increased paid-in capital by NT$240,236,630 The items of (2)+(3) had been approved per 23 December 2021 Letter No. Economic-Authorization-Business-11001230800 of the Ministry

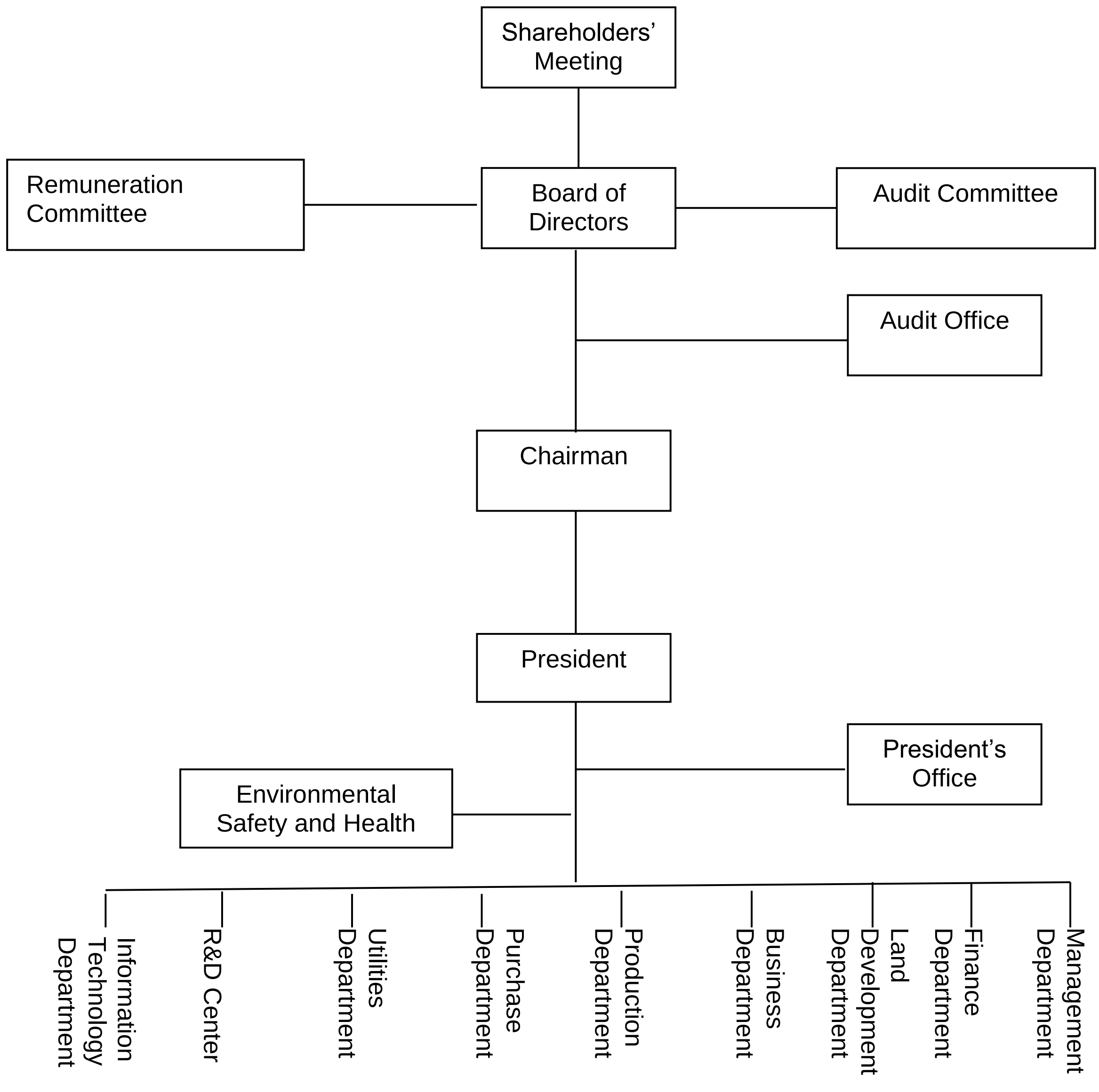
	of Economic Affairs; paid-in capital totaled NT$1,122,131,630. (4) On November 30, 2021, it had been 3 full years since the issuance of employee share subscription warrants. According to the regulations governing the issuance of employee share subscription warrants, the ratio at which the share subscription warrants can be exercised after 3 full years since the issuance of the employee share subscription warrants should not exceed 80% of the total number of shares to be issued (80% of 18,000,000 shares to be issued, which was 14,400,000 shares).
2022	(1) As a consequence of exercise of employee share subscription warrants, a total of 1,127,100 ordinary shares were issued in the fourth quarter of 2021 at the subscription price of NT$10.76 each share; increased paid-in capital by NT$11,270,000, which had been approved per 14 April 2022 Letter No. Economic-Authorization-Business-11101058380 of the Ministry of Economic Affairs; paid-in capital totaled NT$1,133,402,630. (2) As a consequence of exercise of employee share subscription warrants, a total of 118,500 ordinary shares were issued in the fourth quarter of 2022 at the subscription price of NTD10.76 each share; increased paid-in capital by NTD1,185,000, which had been approved per 19 July 2022 Letter No. Economic-Authorization-Business-11101133830 of the Ministry of Economic Affairs; paid-in capital totaled NTD 1,134,587,630. (3) The 2nd series private placement domestic unsecured convertible corporate bonds of NTD25,000,000 issued in 2018 would mature in 3 years, and on August 31, 2022, the record date for exchange of new share, converted 3,217,502 shares of share capital at NTD7.77 per share; increased paid-in capital by NTD32,175,020, which had been approved per 14 September 2022 Letter No. Economic-Authorization-Business- 11101179410 of the Ministry of Economic Affairs; paid-in capital totaled NTD 1,166,762,650. (4) Conducted the capital reduction in 2022, in which capital was reduced by NTD364,900,000 and issued 16,172,089 ordinary shares and 20,317,911 ordinary shares through private placement were canceled to cover losses, which had been approved per 29 August 2022 Letter No. Finance-Supervisory-Securities-I-1111804227 of the Financial Supervisory Commission and 14 October 2022 Letter No. Economic-Authorization-Business-11101193150 of the Ministry of Economic Affairs. As a consequence of exercise of employee share subscription warrants, a total of 482,700 ordinary shares were issued in the third quarter of 2022 at the subscription price of NTD10.76 each share; increased paid-in capital by NTD4,827,000, which had been approved per 1 November 2022 Letter No. Economic-Authorization-Business-11101205840 of the Ministry of Economic Affairs; paid-in capital totaled NTD 806,689,650 after employee share subscription and capital reduction. (5) As a consequence of exercise of employee share subscription warrants, a total of 92,300 ordinary shares were issued in the fourth quarter of

	2022 at the subscription price of NTD15.63 each share; increased paid-in capital by NTD923,000, which had been approved per 19 April 2023 Letter No. Economic-Authorization-Business-11230064200 of the Ministry of Economic Affairs; paid-in capital totaled NTD 807,612,650.
2023	(1) Employee stock options were exercised during the first and second quarters of 2023, resulting in the conversion of 110,000 shares of common shares at a subscription price of NT$15.63 per share, increasing the paid-in capital by NT$1,100,000. This transaction was approved by the Ministry of Economic Affairs,R.O.C. under letter No. 11230132570 dated July 20, 2023, resulting in a new paid-in capital of NT$808,712,650. (2) Employee stock options were exercised during the third quarter of 2023, resulting in the conversion of 1,657,000 shares of common shares at a subscription price of NT$15.63 per share, increasing the paid-in capital by NT$16,570,000. Additionally, 2,423,138 new shares were issued through the conversion of earnings into capital during fiscal year 2022, priced at NT$10 per share, increasing the paid-in capital by NT$24,231,380. This transaction was approved by the Ministry of Economic Affairs,R.O.C. under letter No. 11230219440 dated December 4, 2023, resulting in a new paid-in capital of NT$849,514,030.
2024	(1) Employee stock options were exercised during the fourth quarter of 2023, resulting in the conversion of 258,700 shares of common stock at a subscription price of NT$15.63 per share, increasing the paid-in capital by NT$2,587,000. This transaction was approved by the Ministry of Economic Affairs, R.O.C. under letter No. 11330053550 dated April 19, 2024, resulting in a new paid-in capital of NT$852,101,030.

Three. Corporate Governance Report

1. Organizational system

(1). Organizational structure



(2). Tasks of principal divisions

Audit Office		Investigation and evaluation of the company's internal control operation Assessment of the tasks of each unit; evaluation of the managing performance of each department Tracking, investigation, and handling of non-compliance and exceptional events
General Mananger's Office		Deliberation and management of the company's overall development Planning and formulation of the company's systems; planning and implementation of company-wide education and training Project Management and Improvement
Environmental Safety and Health Office		Reporting, supervision, and management of air pollution, waste water, waste disposal Factory-wide implementation, training and supervision, and reporting of occupational safety
Utilities Department		Operation, repair, and maintenance of water, electricity, and air conditioning of the whole company Matters concerning the design, assembly, maintenance, and repair of production equipment Assistance in civil defense and firefighting training
Management Department	General Affairs Section	Management of land, buildings, and transportation equipment Sending, receiving, and proofreading documents and mailing letters Repairs and maintenance work Managing the company's security guard and keeping order inside the factory
	Human Resource Section	Recruitment, appointment and dismissal, salary, transfer, reward and punishment, dismissal, pension, etc. of employees Managing announcements on personnel changes; archiving and organizing personnel information
	Public Relation Office	Responsible for coordination and communication with the industrial union Establishment of public relations
Finance Department	Accounting Division	Formulation and implementation of accounting systems Product cost analysis, calculation and review of reports, and cost comparison and control Preparation of various accounting evidence; custody of accounts and statements Implementation and review of addition plans, reinvestments benefits, issuance of corporate bonds, and others Preparation of financial forecasts
	Finance Department	Fund allocation, operation analysis, and preparation of financial statements Cash receipt and payment, bills issuing, salaries and subsidies custody and handling Compilation, implementation, and control of the statement of cash receipts and disbursements

(Continued on next page)

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<table>
<tr><td colspan="2" rowspan="3">Business Department</td><td>Matters concerning the sale of yarn dyed fabrics; conclusion, review, and tracking of contracts
Review of orders and recovery and control of the payment for goods</td></tr>
<tr><td>Matters concerning the sale of filament fabrics, contract formulation, review, and tracking
Review of orders and recovery and control of the payment for goods</td></tr>
<tr><td>Business administration management, performance management, production and marketing collaboration</td></tr>
<tr><td colspan="2">Purchase Department</td><td>Purchase, delivery, and follow-up of raw materials
Handling of import applications and foreign exchange settlement of overseas purchase
Management of raw material warehouse and original yarn warehouse
Contact and arrangement for technologies and services related to machinery and equipment</td></tr>
<tr><td rowspan="2">R&D Center</td><td>Product Planning Section</td><td>Formulation, implementation and follow-up of new product development plans
Collection of business information of new products
Investigation and handling of customer complaints
Collection and management of information on market trends</td></tr>
<tr><td>Product Development Division</td><td>Gray fabric production planning and production control
Research and development of new fabric types and patterns
Dyeing and finishing schedule management and date control</td></tr>
<tr><td rowspan="4">Production Department</td><td>Textile Factory</td><td>All matters concerning the operation, security, and equipment management of the weaving and dyeing factory
Matters concerning dispatch in production management, stock supply and quality of the weave factory
Matters concerning operation technology and test improvement
Matters concerning collection and safekeeping of all raw materials</td></tr>
<tr><td>Yarn Factory</td><td>All matters concerning the operation, security, and equipment management of the yarn factory
Matters concerning dispatch in production management, stock supply and quality of the yarn factory
Matters concerning operation technology and test improvement
Matters concerning collection and safekeeping of all raw materials</td></tr>
<tr><td>Dyeing and Finishing Factory</td><td>Matters concerning operation execution, dye discharge, and delivery control of dyeing engineering
Matters concerning collection and safekeeping of all raw materials
Compiling quality statistics and conducting analysis; tracking and handling exceptions
Adaptation to new product research and development, dyeing and finishing, project research and improvement</td></tr>
<tr><td>Mask Factory</td><td>Manufacturing and sale of flat medical mask, KF94 mask, N95 mask, and sandwich mask</td></tr>
<tr><td colspan="2">Land Development Department</td><td>Real estate development, construction, and sale</td></tr>
<tr><td colspan="2">Information Technology Department</td><td>Program design, system maintenance and management, the promotion of computerization throughout the Company</td></tr>
</table>

2. Information on the company's directors, General Mananger, vice General Manangers, assistant vice General Manangers, and the chiefs of all the company's divisions and branch units

(1). Information on Directors (1)

April 26, 2024

Title (Note 1)	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date Elected	Tenure	Date First Elected (Note 3)	Shares Held When Elected		Shares Current Held		Shares Currently Held by Spouse & Minors		Shares Held under Another Individual		Main Experience and Educational Background (Note 4)	Selected Current Positions at the Company and Other Companies	Other Executives, Directors, or Supervisors with Spousal or within Second-Degree Kinship Relationships.			Note (Note 5)
							Shares	Ownership (%)	Shares	Ownership (%)	Shares	Ownership (%)	Shares	Ownership (%)			Title	Name	Relationship	
Chairman	Taiwan	Po Chang Investment Co., Ltd.	Male 41~50	Jun. 27,2023	3 years	Jun. 25, 2014	3,471,054	4.29	3,572,968	4.19					California State University, U.S.A. EMBA in Finance, NTU	Chairman (legal representative) of Chia Her Industrial Co., Ltd				
	USA	Representative: Weng, Wei-Hsiang				Jun. 24, 2020	100,108	0.12	103,047	0.12										
Directors	Taiwan	Po Chang Investment Co., Ltd.	Male 61~70	Jun. 27,2023	3 years	Jun. 25, 2014	3,471,054	4.29	3,572,968	4.19					Enterprise Management in United University, the U.S. A	1. Chairman (Legal Representative) of MasterLink Securities Corp. 2. General Mananger of Taiwan Securities Association				
		Representative: Chen, Jun-Hong				Dec. 8, 2022	0	0	0	0										
Directors	Taiwan	Po Chang Investment Co., Ltd.	Male 61~70	Jun. 27,2023	3 years	Jun. 25, 2014	3,471,054	4.29	3,572,968	4.19					Department of Law, Meijo University in Nagoya	Supervisor of JETEX INVESTMENT CO., LTD.	Director	Weng, Jung-Chuan	Brother	
		Representative: Weng, Chuan-Hui				May 29, 1996	105,566	0.13	108,665	0.13	6,891	0.01								
Directors	Taiwan	Po Chang Investment Co., Ltd. Holding International Co., Ltd.	Male 61~70	Jun. 27,2023	3 years	Jun. 27, 2023	6,810,562	8.42	7,010,529	8.23					Komazawa University, Japan	Director of Chia Her Industrial Co., Ltd				
		Representative: Weng, Mao-Chin				May 25, 1990	1,335,775	1.65	1,374,995	1.61	92,302	0.11								
Directors	Taiwan	Holding International Co., Ltd.	Male 51~60	Jun. 27,2023	3 years	Jun. 27, 2023	6,810,562	8.42	7,010,529	8.23					Master degree in USC, the U.S.A.	Manager of Chia Her Industrial Co., Ltd	Director	Weng, Chuan-Hui	Brother	
		Representative: Weng, Jung-Chuan				Jun. 28, 2017	61,708	0.08	49,108	0.06										
Directors	Taiwan	Wu, Chien-Tung	Male 61~70	Jun. 27,2023	3 years	Jun..24 2020	0	0	0	0					Department of Accounting, NCCU	1. General Mananger of Yung Cheng Accounting Firm 2. Director of Channel Well Technology Co., Ltd. 3. Director of Ching Feng Home Fashions Co.,Ltd. 4. Plastron Precision				
Director	Taiwan	Hsieh, Wen-Chi	Male 51~60	Jun. 27,2023	3 years	Jun. 24, 2020	184,019	0.23	229,422	0.27					Master's of Business Administration, NCHU	Chairman of PHILO Limited				
Director	Taiwan	Ting, Yung-Chih	Male 61~70	Jun. 27,2023	3 years	Jun. 27, 2023	590,558	0.73	605,838	0.71	214,107	0.25			Medical degree in CSMU	Director of Chien Shin Internal Medicine Clinic				
Independent Director	Taiwan	Lin, Chi-Lung	Male 51~60	Jun. 27,2023	3 years	Jun. 28, 2017	0	0	0	0					Master degree in Accounting, NCKU	Partner Accountant of Chih Li Accounting Firm				
Independent Director	Taiwan	Wang, Hsin-Min	Male 61~70	Jun. 27,2023	3 years	Jun. 24, 2020	0	0	0	0					Department of English Language and Literature, SCU	None				
Independent Director	Taiwan	Kuo, Nan-Chiang	Male 51~60	Jun. 27,2023	3 years	Jun. 27, 2023	0	0	0	0					Real Estate Management Department, Leader University	In charge of Pan Shih Real Estate Development Co., Ltd.				

Note 1. Corporate shareholders shall list the names of corporate shareholders and their representatives separately (for representatives of corporate shareholders, the name of the corporate shareholder shall be indicated), and the following table shall be completed.

Note 2. The actual age shall be indicated, and it may be expressed in intervals, such as 41-50 years old or 51-60 years old.

Note 3. The date of first elected as a director or supervisor of the Company shall be filled in. In case of interruption, an explanatory note shall be attached.

Note 4. Relevant experience related to the current position shall be provided. If the individual has worked at an auditing CPA firm or related enterprise during the aforementioned period, their title and responsibilities shall be specified.

Note 5. If the Chairman of the Board and the General Manager or equivalent position holder (highest executive officer) are the same person, spouses, or first-degree relatives, the reasons, rationale, necessity, and relevant information regarding measures taken (such as increasing the number of independent director positions, and there should be a majority of directors not concurrently serving as employees or managers) shall be explained.

Form 1: Major Shareholders of Corporate Shareholders

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Po Chang Investment Co., Ltd.	Weng, Shu-yu(94%), Chou Shu-zhen(2%), Weng Yu-en(2%), Chen, Jun-hong(2%)
Holding International Co., Ltd.	Hung, Hsueh-Chu (70.96%), Weng, Wei-Feng (0.64%) VAST TREASURE INTERNATIONAL GROUP LIMITED(28.4%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder’s major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note “deceased.”

Form 2: If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)
VAST TREASURE INTERNATIONAL GROUP LIMITED	CHORNG-LII TSAI (100%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person’s major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note “deceased.”

(1). Information on Directors (2)

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

Qualification / Name (Note 1)	Professional Qualifications and Experiences (Note 1)	Independent Information (Note 2)	Number of independent directors concurrently serving as other public offering companies
Chairman Po Chang Investment Co.,Ltd. Representative: Weng, Wei-Hsiang	With at least five years' work experience necessary for the business of the company, currently serve as the Chairman and the General Manager of Chia Her Industrial Co., Ltd.. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Directors Po Chang Investment Co.,Ltd. Representative: Chen, Jun-Hong	With at least five years' work experience necessary for the business of the company Currently serve as: 1. Chairman (legal representative) of MasterLink Securities Corporation 2. General Mananger of Taiwan Securities Association None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Directors Po Chang Investment Co.,Ltd. Representative： Weng, Chuan-Hui	With at least five years' work experience necessary for the business of the company, currently serve as Supervisor of JETEX INVESTMENT CO., LTD. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Directors Holding International Co., Ltd. Representative: Weng, Mao-Chin	With at least five years' work experience necessary for the business of the company, currently serve as Consultant of Chia Her Industrial Co., Ltd.; None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Directors Holding International Co., Ltd. Representative: Weng, Jung-Chuan	With at least five years' work experience necessary for the business of the company, currently serve as Manager of Chia Her Industrial Co., Ltd.; None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0

Name (Note 1) \ Qualification	Professional Qualifications and Experiences (Note 1)	Independent Information (Note 2)	Number of independent directors concurrently serving as other public offering companies
Directors Wu, Chien-Tung	With at least five years' work experience necessary for the business of the company and pass the CPA examination. Experience: 1.Lead Auditor of KPMG Taiwan, 2. Vice General Mananger of Underwriting Department of Tai Yu Securities Currently serve as: 1. General Mananger of Yung Cheng Accounting Firm 2. Director of Channel Well Technology Co., Ltd. 3. Director of Ching Feng Home Fashions Co.,Ltd. 4. Plastron Precision Co., Ltd. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Directors Hsieh, Wen-Chi	With at least five years' work experience necessary for the business of the company. Currently serve as Chairman of PHILO Limited None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Directors Ting, Yung-Chih	With at least five years' work experience necessary for the business of the company. Current serve as a Director of Chien Shin Internal Medicine Clinic. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	(Not applicable)	0
Independent Director Lin, Chi-Lung	With at least five years' work experience necessary for the business of the company and pass the CPA examination; served as Partner Accountant of Chih Li Accounting Firm; currently serve as Partner Accountant of Chih Li Accounting Firm. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	The status of independence includes but not limited to the following: he or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates; no shares of the Company held by the independent director; he does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company; no amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	1

Name (Note 1) \ Qualification	Professional Qualifications and Experiences (Note 1)	Independent Information (Note 2)	Number of independent directors concurrently serving as other public offering companies
Independent Director Wang, Hsin-Min	With at least five years' work experience necessary for the business of the company and pass the investigator second-class special examination; served as Section Chief and Station Director of Kaohsiung City Government Department of Investigation and Special Commissioner of Tainan City Department of Investigation. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	The status of independence includes but not limited to the following: he or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates; no shares of the Company held by the independent director; he does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company; no amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	0
Independent Director Kuo, Nan-Chiang	With at least five years' work experience necessary for the business of the company, Currently serve as In charge of Pan Shih Real Estate Development Co., Ltd. None of the circumstances in the subparagraphs of Article 30 of the Company Act exist.	The status of independence includes but not limited to the following: he or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates; no shares of the Company held by the independent director; he does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company; no amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	0

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors:

The Company's board of directors have members of diverse backgrounds, including gender, industrial experience, professional knowledge and abilities. In order to strengthen corporate governance and promote sound development of the composition and structure of the board of directors, Article 20 of the "Corporate Governance Best-Practice Principles" stipulates that the board of directors shall have members of diverse backgrounds, and shall formulate appropriate and diverse strategies based on how the board works, type of operation, and development needs, including basic qualifications and value (such as gender, age, nationality, and culture), professional knowledge and skills (professional background, such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience. In order to ensure gender equality and diversity of board members, the Company has set a goal to increase the number of female board members in the future. The average age of the Company's Board of Directors is 60. 6 directors are 61~70 years old; 4 directors are 51~60 years old and 1 directors are 41~50 years old. The Company pays attention to the diversity of industrial experience of the board members. In addition to industrial experience, they have other diverse industrial experience. The implementation of the diversity policy is described (P.19).

(II) Independence of the Board of Directors:

The current (18th) Board of Directors of the Company consists of 11 directors, including 3 independent directors (accounting for 27% of the total seats), which meets the requirement that the number of independent directors shall not be less than one-fifth of the seats in the Articles of Association and the Code of Corporate Governance Practice. The independence of the Company's independent directors is in line with the provisions of the establishment of independent directors of public companies and the matters to be followed, and there is no spouse relationship among the board members; 2. At present, there are 2 relatives within the second degree of kinship, which meets the provisions of Paragraph 3 of Article 26-3 of the Securities and Exchange Law.

The implementation of the diversity policy of the members of the board of directors is as follows:

Diversified Core \ Name		Director								Independent Director		
		Weng, Wei-Hsiang	Chen, Jun-Hong	Weng, Chuan-Hui	Weng, Mao-Chin	Weng, Jung-Chuan	Wu, Chien-Tung	Hsieh, Wen-Chi	Ting, Yung-Chih	Lin, Chih-Lung	Wang, Hsin-Min	Kuo, Nan-Chiang
Gender		Male	Male	Male	Male	Male	Male	Male	Male	Male	Male	Male
Nationality		U.S.A	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)	Taiwan (R.O.C.)
Current Employees		V			V	V						
Age	31~40											
	41~50	V										
	51~60					V		V		V		V
	61~70		V	V	V		V		V		V	
Term of office of Independent Director	Under 3 years											V
	3~9 years										V	
	Over 9 years									V		
Operational Judgment		V	V	V	V	V	V	V	V	V	V	V
Accounting and Financial Analysis		V	V	V	V	V	V	V	V	V	V	V
Business Management		V	V	V	V	V	V	V	V	V	V	V
Crisis Management		V	V	V	V	V	V	V	V	V	V	V
Industry Knowledge		V	V	V	V	V	V	V	V	V	V	V
International Market Insights		V	V	V	V	V	V	V	V	V	V	V
Leadership and Strategic Decision-making		V	V	V	V	V	V	V	V	V	V	V

(2). Information on the Management Team

April 26, 2024

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shares Held		Shares Held by Spouse & Minors		Shares Held under Another Individual		Main Experience and Educational Background (Note 2)	Selected Current Positions at Other Companies	Managers Who Are Spouses or within Second-degree Relative of Consanguinity to Each Other			Note (Note 3)
					Shares	Ownership (%)	Shares	Ownership (%)	Shares	Ownership (%)			Title	Name	Relationship	
Chairman and General Manager	USA	Weng, Wei-Hsiang	Male	Mar. 14, 2024.	103,047	0.12	-	-	-	-	California State University, U.S.A. EMBA in Finance, NTU	Chairman of JETEX Investment Co., Ltd. Chairman of I-Yu Investment Co., Ltd. Chairman of Chia Hsing Investment Co., Ltd. Chia Yuen Real Estate Development Co., Ltd. Director of Chadtex Industrial Co., Ltd	Chief Information Security Officer	Weng, Wei-Chieh	Brother	
Vice General Manager	USA	Weng, Wei-Chi	Male	Dec. 5, 2023	35,282	0.04	-	-	-	-	Columbia University in the City of New York	None	None	N/A	N/A	
Special Assistant	Taiwan	Huang, Chung-Hai	Male	Mar. 22, 2023	-		-	-	-	-	National Tseng-Wen Agricultural & Industrial High School	None	N/A	N/A	N/A	
Assistant Manager	Taiwan	Chiu, Fu-Yu	Male	Jun. 30, 2021	-	-	-	-	-	-	Kun Shan University	None	N/A	N/A	N/A	
Assistant Manager	Taiwan	Yang, Sheng-Hung	Male	Dec. 5, 2023	19,499	0.02	-	-	-	-	National Taiwan University of Science and Technology Chemical Engineering Department	None	N/A	N/A	N/A	
Chief Finance and Director of Corporate Governance	Taiwan	Weng, Wei-Chun	Male	Apr. 1, 2022	-	-	-	-	-	-	Department of Accounting, Ming Chuan University Graduate School of Business Administration, National Chung Cheng University	None	N/A	N/A	N/A	
Chief Information Security Officer	USA	Weng, Wei-Chieh	Male	Dec. 5 2023							California State University, U.S.A.	None	Chairman and General Manager	Weng, Wei-Hsiang	Brother	

Note 1. The information should include details of the General Manager, Vice General Manager, Assistant Managers, heads of each department, and branch managers, as well as any positions equivalent to General Manager, Vice General Manager, or Assistant Manager, regardless of job titles, should also be disclosed.

Note 2. Relevant experience related to the current position shall be provided. If the individual has worked at an auditing CPA firm or related enterprise during the aforementioned period, their title and responsibilities shall be specified.

Note 3. When the General Manager or equivalent position holder (highest executive officer) and the Chairman of the Board are the same person, spouses, or first-degree relatives, the following information should be disclosed: Due to operational requirements, it is proposed to appoint one additional independent director at the 2024 Annual Shareholders'Meeting.

(3). Remuneration Paid to Directors, Independent Directors, General Mananger, and Vice General Manangers in 2023

(The aggregate remuneration information with the name(s) indicated for each remuneration range is disclosed in the below table. If individual disclosures are made, please fill in the individual's job title, name, and amounts, and it is unnecessary to fill in the Remuneration Range Table.)

(1) Remuneration to Ordinary Directors and Independent Directors

Expressed in thousands of NTD

Title	Name	Director's Compensation								Amount and Ratio of Total A, B, C and D to Net Income (Note 10)		Compensation to a Director Who is an Employee of the Company or of the Company's Consolidated Entities								Amount and Ratio of Total A, B, C, D, E, F and G to Net Income (Note 10)		Compensation to Directors from Non-consolidated Affiliates or Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses, and Allowances(E)(Note 5)		Severance Pay and Pensions (F)		Employees' Compensation (G) (Note 6)						
																The Company		From All Consolidated Entities (Note 7)				
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)	The Company	From All Consolidated Entities	
Chairman and General Manager	Po Chang Investment Co., Ltd. Representative: Weng, Wei-Hsiang					474	474	306	311	7801.52	7851.53	3,083	3,291	25	25	350	0	350	0	4,2388.24	4,4518.65	None
Director	Po Chang Investment Co., Ltd. Representative: Chen, Jun-Hong					474	474	179	179	6531.27	6531.27									6531.27	6531.27	None
Director	Po Chang Investment Co., Ltd. Representative: Weng, Wei-Hsiang					475	475	199	209	6741.31	6841.33	74	125							7481.45	8091.57	None
Director	Holding International Co., Ltd. Representative: Weng, Mao-Chung					475	475	144	144	6191.20	6191.20	1,983	2,034	15	15	0	0	0	0	2,6175.09	2,6685.18	None
Director	Holding International Co., Ltd. Representative: Weng, Jung-Chuan					244	244	102	102	3460.67	3460.67	169	169	2	2	64	0	64	0	5811.13	5811.13	None
Director	Wu, Chien-Tung					475	475	235	235	7101.38	7101.38	1,674	1,674	14	14	0	0	0	0	2,3984.66	2,3984.66	None
Director	Hsieh, Wen-Chi					475	475	189	189	6641.29	6641.29									6641.29	6641.29	None
Director	Ting, Yung-Chih					244	244	97	97	3410.66	3410.66									3410.66	3410.66	None
Director	Chiu, Chi-Cheng (Resigned on June 27, 2023)					230	230	87	87	3170.62	3170.62									3170.62	3170.62	None
Independent Director	Lin, Chi-Lung					475	475	306	306	7811.52	7811.52									7811.52	7811.52	None
Independent Director	Wang, Hsin-Min					475	475	306	306	7811.52	7811.52									7811.52	7811.52	None
Independent Director	Kuo, Nan-Chiang					244	244	168	168	4120.80	4120.80									4120.80	4120.80	None
	Total	0	0	0	0	4,760	4,760	2,318	2,333	7,07813.75	7,09313.78	6,983	7,293	56	56	414	0	414	0	14,53128.24	14,85628.87	None

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken, and time invested by the directors to the amount of remuneration paid:
   For the remuneration to independent directors, according to the Company's Articles of Incorporation, if the Company makes profit at the fiscal year end, it shall appropriate no more than 4% of the profit for remuneration to directors. However, if the Company still has accumulated losses, it shall set aside the amount to cover losses first..
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company / any consolidated entities / invested enterprises): None.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All Consolidated Entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
Less than NT$1,000,000	All directors	All directors	Weng, Jung-Chuan Hsieh, Wen-Chi Chiu, Chi-Cheng Weng, Chuan-Hui Ting, Yung-Chih Chen, Jun-hong Lin, Chih-Lung Wang, Hsin-Min Kuo, Nan-Chiang	Weng, Jung-Chuan Hsieh, Wen-Chi Chiu, Chi-Cheng Weng, Chuan-Hui Ting, Yung-Chih Chen, Jun-hong Lin, Chih-Lung Wang, Hsin-Min Kuo, Nan-Chiang
NT$1,000,000 (incl.)～NT$2,000,000 (excl.)				
NT$2,000,000 (incl.)～NT$3,500,000 (excl.)			Wu, Chien-Tung Weng, Mao-Chin	Wu, Chien-Tung Weng, Mao-Chin
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)			Weng, Wei-Hsiang	Weng, Wei-Hsiang
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)				
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)				
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)				
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)				
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)				
NT$100,000,000 or above				
Total	NT$ 7,078 thousand	NT$ 7,093 thousand	NT$ 14,531 thousand	NT$ 14,856 thousand

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a General Mananger or an vice General Mananger, please complete this table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as General Mananger, vice General Mananger, other managerial officers, or non-managerial employee), including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 - including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. - should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as General Mananger, vice General Mananger, other managerial officers, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(2) Remuneration to General Mananger(s) and Vice General Mananger(s)

Expressed in thousands of NTD

Title	Name	Salary (A)(Note 2)		Severance Pay and Pensions (B)		Bonuses, and Allowances (C)(Note 3)		Employees' Compensation (G)(Note 4)				Amount and Ratio of Total A, B, C and D to Net Income (%)(Note 8)		Compensation to Directors from Non-consolidated Affiliates or Parent Company(Note 9)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
General Manager	Weng, Wei-Hsiang	3,083	3,291	25	25			350		350		3,458 6.72	3,666 7.12	None
Vice General Manager	Weng, Wei-Chi	1,404	1,404	13	13			60		60		1,477 2.87	1,477 2.87	None
	Total	4,487	4,695	38	38	0	0	410	0	410	0	4,935 9.59	5,143 9.99	None

*Disclosures must be made for all persons in positions equivalent to General Mananger or vice General Mananger, regardless of job title (e.g., general manager, chief executive officer, chief administrative officer…etc.)

Remuneration Range Table

Ranges of remuneration paid to each of the Company's General Mananger(s) and vice General Mananger(s) Remuneration range	Names of General Mananger(s) and Vice General Mananger(s)	
	The Company (Note 6)	All consolidated entities (Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (incl.)～NT$2,000,000 (excl.)	Weng, Wei-Chi	Weng, Wei-Chi
NT$2,000,000 (incl.)～NT$3,500,000 (excl.)	Weng, Wei-Hsiang	Weng, Wei-Hsiang
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)		
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)		
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)		
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)		
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)		
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)		
NT$100,000,000 or above		
Total	NT$ 4,525 thousand	NT$ 4,733 thousand

Note 1: The name of each General Mananger and vice General Mananger shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a General Mananger or an vice General Mananger, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the General Mananger(s) and vice General Mananger(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the General Mananger(s) and vice General Mananger(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 - including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. - should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the General Mananger(s) and vice General Mananger(s) as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5 Disclose the total amount of remuneration in each category paid to the General Mananger(s) and vice General Mananger(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the General Mananger(s) and vice General Mananger(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each General Mananger and vice General Mananger by the Company.

Note 7: Disclose the names of the General Mananger(s) and vice General Mananger(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each General Mananger and vice General Mananger of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the General Mananger(s) and vice General Mananger(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If General Mananger(s) or vice General Mananger(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises.

c. Remuneration means remuneration received by the General Mananger(s) and vice General Mananger(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(3) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company (Note 1)

(In Thousands of New Taiwan Dollars)

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
								The Company		All consolidated entities (Note 5)				
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
Chairman and General Manager	Weng, Wei-Hsiang	3,083	3,291	25	25	0	0	350		350		3,458 6.72	3,666 7.12	None
Assistant Manager of R &D Department	Chiu, Fu-Yu	1,624	1,624	15	15	0	0	60		60		1,699 3.30	1,699 3.30	None
Vice General Manager	Weng, Wei-Chi	1,404	1,404	13	13			60		60		1,477 2.87	1,477 2.87	None
Chief Finance and Director of Corporate Governance	Weng, Wei-Chun	1,315	1,315	12	12			140				1,467 2.85	1,467 2.85	None
Special Assistant	Huang, Chung-Hai	1,204	1,204	11	11	0	0	60		60		1,275 2.48	1,275 2.48	None
	Total	8,630	8,838	76	76	0	0	670		670		9,376 18.22	9,584 18.62	None

Note 1: "Management personnel" in the "Five Highest Remunerated Management Personnel" means managerial officers of the Company. "Managerial officers" means those falling within the applicable scope defined in 27 March 2003 Order No. (80)-Taiwan-Finance-Securities-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance. The "five highest remunerated" is calculated as those ranked in the top five in remuneration based on the sum total of the amounts of salary, retirement pay and pension, rewards and special disbursements, and employee profit-sharing compensation (i.e., the sum of items A+B+C+D) received by each of the Company's managerial officers from all companies in the consolidated financial reports. If any concurrently serving director(s) is among those top, fill out this table and also Table (1-1) above.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3: This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 - including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. - should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7: a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(4) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:

(In Thousands of New Taiwan Dollars)

	Job title (Note 1)	Name (Note 1)	Amount in stock	Amount in cash	Total	As a % of net profit (%)
Managerial officers	Chairman and General Manager	Weng, Wei-Hsiang	0	946	946	1.84
	Vice General Manager	Weng, Wei-Chi				
	Assistant Manager of R &D Department	Chiu, Fu-Yu				
	Special Assistant	Huang, Chung-Hai				
	Assistant Manager	Yang, Sheng-Hung				
	Finance and Accounting Supervisor	Weng, Wei-Chun				
	Manager	Weng, Jung-Chuan				
	Chief Information Security Officer	Weng, Wei-Chieh				

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: The applicable scope of "managerial officers" is defined under the 27 March 2003 FSC Order No. Taiwan-Finance-Securities-III-0920001301 as persons in the following positions:

(1) General Mananger(s) and equivalent level positions
(2) Vice General Mananger(s) and equivalent level positions
(3) Assistant vice General Mananger(s) and equivalent level positions
(4) Chief officer of the finance division
(5) Chief officer of the accounting division
(6) Other persons who have the power to manage affairs and sign for the Company

Note 4: If any director, General Mananger, or vice General Mananger receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

(4). Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, General Manangers, and vice General Manangers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of total remuneration as a percentage of net income paid to directors, General Manangers, and vice General Manangers during the past 2 fiscal years:

Remuneration as a percentage of net income (%) / Paid year	Director		General Mananger and vice General Manangers	
	The Company	All consolidated entities	The Company	All consolidated entities
Fiscal year 2022	9.93	10.00	1.66	1.66
Fiscal year 2023	28.24	28.87	8.79	9.20

2. The remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) The remuneration to Directors conducting business shall be determined, according to the provision of Article 23 of the Articles of Incorporation, by the board of directors referring to the characteristics of the industry and the pay levels adopted by peer companies. In addition, the annual performance evaluation shall be conducted every year according to the requirements for high-level management and depending on individual performance and the company's business performance.

(2) If an independent director servers as a member of the remuneration committee, given his/her role of a convener, the attendance fee shall be paid to him/her according to the standards of affiliated enterprises.

(3) An independent director is an ex officio member with heavy tasks and shall be paid according to the standards of affiliated enterprises.

(4) Article 27 of the Company's Articles of Incorporate stipulates that if the Company makes profit at the fiscal year end, it shall appropriate no more than 4% of the profit for remuneration to directors. The remuneration to directors shall be distributed at the ratio approved by the board of directors after taking into consideration the company's operating performance.

(5) The performance assessment and the reasonableness of remuneration shall be reviewed by the remuneration committee and board of directors, which shall also be examined in a timely manner depending on the actual business status, the future operating risks of the industry, the development trend, and the relevant laws and regulations at all times.

(6) The Company's remuneration policies for directors, managerial officials, and employees

(a) The Company's remuneration to directors shall be determined according to their participation in the company's operation and the value of their contribution.

(b) The Company's remuneration to shall be determined according to their academic qualifications and work experience, evaluation of individual performance, and taking into consideration of the company's operating results.

3. The state of the company's implementation of corporate governance

(1). Operation of the Board of Directors

In the most recent year, the Board of Directors held 9 (A)meetings, w here the directors' attendance is as follows:

(January 1, 2023~December 31, 2023)

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A] (Note 2)	Note
Chairman	Po Chang Investment Co.,Ltd. Representative: Weng, Wei-Hsiang	9		100%	Re-elected (Re-elected on June 27, 2023)
Director	Po Chang Investment Co.,Ltd. Representative: Chen, Jun-Hong	7	2	78%	Re-elected (Re-elected on June 27, 2023)
Director	Po Chang Investment Co.,Ltd.	9		100%	Re-elected (Re-elected on
Director	Holding International Co., Ltd. Representative: Weng, Mao-Chin	0	9	0%	Re-elected (Re-elected on June 27, 2023)
Director	Holding International Co., Ltd. Representative: Weng, Jung-Chuan	6		100%	Newly elected (Elected on June 27, 2023)
Director	Wu, Chien-Tung	8		89%	Re-elected (Re-elected on June 27, 2023)
Director	Hsieh, Wen-Chi	9		100%	Re-elected (Re-elected on June 27, 2023)
Director	Ting, Yung-Chih	5	1	83%	Newly elected (Elected on June 27, 2023)
Independent Director	Lin, Chi-Lung	9		100%	Re-elected (Re-elected on June 27, 2023)
Independent Director	Wang, Hsin-Min	9		100%	Re-elected (Re-elected on June 27, 2023)
Independent Director	Kuo, Nan-Chiang	6		100%	Newly elected (Elected on June 27, 2023)
Director	Chiu, Chi-Cheng	3		100%	Formerly elected

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Any matter under Article 14-3 of the Securities and Exchange Act: Please refer to material resolutions of the board of directors on pages 40 to 42.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: The independent directors of the Company all agreed with the material resolutions of the board of directors and had no dissenting or qualified opinions.

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

Board of Directors	Proposal Content	Participation in Voting	Names of Directors Avoiding and Reason for Avoidance
22nd meeting of the 7th Board (March 29, 2023)	Managerial salary adjustments	1. Designated Director Chen Chun-Hung as Acting Chairman by the Chairman of the Board. 2. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Chairman Weng Wei-Hsiang and Vice Chairman Wu Chien-Tung are interested parties in this matter.
24th meeting of the 7th Board (May 10, 2023)	Appointment of the Chief Strategy Officer	1. Director Wu Chien-Tung is appointed as Acting Chairman by the Chairman of the Board. 2. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Chairman Weng Wei-Hsiangis interested parties in this matter.
1st meeting of the 18th Board (June 27, 2023)	The appointment of General Manager	1. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Vice Chairman Wu Chien-Tung is interested parties in this matter.
1st meeting of the 18th Board (June 27, 2023)	Proposed appointment of members and remuneration of the 5th Compensation Committee	1. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Independent Director, Lin Chih-Lung, Wang Hsin-Min and Guo Nan-Chiang, are interested parties in this matter.
5th meeting of the 18th Board (November 10, 2023)	Change in General Manager	1. Director Weng, Chuan-Hui is appointed as Acting Chairman by the Chairman of the Board. 2. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Chairman Weng Wei-Hsiangis interested parties in this matter.
6th meeting of the 18th Board (December 5, 2023)	Amount of remuneration allocated to managers	1. Director Weng, Chuan-Hui is appointed as Acting Chairman by the Chairman of the Board. 2. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Chairman Weng Wei-Hsiang and Director Weng, Jung-Chuan are related parties in this matter.
6th meeting of the 18th Board (December 5, 2023)	Promotion and salary adjustment for manager officer.	1. Director Weng, Chuan-Hui is appointed as Acting Chairman by the Chairman of the Board. 2. Except for interested directors, all attending directors have no objection, and the resolution is passed as proposed.	Chairman Weng Wei-Hsiang and Director Weng, Jung-Chuan are related parties in this matter..

3. A TWSE or TPEx listed company shall disclose information on cycle, period, scope, method and content of the self (or peer) evaluation performed by the Board of Directors:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Once a year	January 1, 2023 ~ December 31, 2023	Board of Directors Some directors Audit Committee Remuneration Committee	Internal self-evaluation Self-evaluation of the members of the Board of Directors	(1) Performance appraisal of the Board of Directors: Degree of involvement in the Company's business operations, improvement of decision making by the Board of Directors, components and structure of the Board of Directors, as well as election, appointment, continuing education and internal control of the directors. (2) Performance appraisal of certain directors: Understanding of the Company's objectives and tasks; the directors' awareness of duties; degree of involvement in the Company's business operations; internal relationship management and communication; the directors' professionalism and continuing education; internal control, etc.

				(3) Performance appraisal of functional committees: Degree of involvement in the Company's business operations, awareness of the functional committees' duties, improvement of decision making by the functional committees, components, member election and appointment, and internal control of the functional committees, etc.

The Company has completed the 2023 performance appraisal of the Board of Directors. The appraisal results were presented to the 1st meeting of the Board of Directors in 2024 as bases for review and improvement.
The performance self-evaluation of the Board of Directors is divided into five levels: extremely excellent, excellent, medium, poor, and extremely poor; The self-evaluation of the board members, the self-evaluation of Remuneration Committee, and the self-evaluation of Audit Committee have resulted in overall good operation within the range of excellent and moderate standards, meeting the requirements of corporate governance.

Note 1: Indicate appraisal cycle of the Board of Directors.
Note 2: Indicate appraisal period of the Board of Directors.
Note 3: The appraisal shall cover performances of the Board of Directors, certain directors and the functional committees.
Note 4: The performance appraisals may be performed by internal self-appraisal of the Board of Directors, self-appraisal of the directors, peer evaluation, external professional agencies, experts or other appropriate methods.
Note 5: Based on the evaluation scope, at least the following items shall be covered by the appraisal:
(1) Performance appraisal of the Board of Directors: At least covering degree of involvement in the Company's business operations, improvement of decision making by the Board of Directors, components and structure of the Board of Directors, as well as election, appointment, continuing education and internal control of the directors.
(2) Performance appraisal of some directors: At least including understanding of the Company's objectives and tasks; the directors' awareness of duties; degree of involvement in the Company's business operations; internal relationship management and communication; the directors' professionalism and continuing education; internal control, etc.
(3) Performance appraisal of the functional committees: At least including degree of involvement in the Company's business operations, awareness of the functional committees' duties, improvement of decision making by the functional committees, components, member election and appointment, and internal control of the functional committees, etc.

4. Evaluation on objectives of enhancing functions of the Board of Directors (for instance: setting up an audit committee and increasing information transparency) and implementation in the current year and the most recent years:
To enhance functions of the Board of Directors so that it could make independent judgement of the Company's financial businesses, the Company built the audit committee after re-election of the 17th directors at the general shareholders' meeting on June 24, 2020.
At the 3rd meeting of the 17th Board of Directors on September 21, 2020, the Company finished its formulation of the Performance Appraisal Measures for the Board of Directors and disclosed them on the website of the Company. The organizations implementing such measures annually conduct performance appraisals for the Board of Directors, certain directors and functional committees. They report the appraisal results to the Board of Directors and disclose them on the website of the Company.
(1) The Company bought the liability insurance for the directors, supervisors and important staff from January 1, 2019. The insurance was renewed on December 31, 2023.

Note 1: For a director that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2:
(1) If any director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors should be filled in the table, with a note stating whether the director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(2). Operation of the Audit Committee:

In the most recent years, the Audit Committee held 8 meetings (A), where the independent directors' attendance is as follows:

(January 1, 2023~December 31, 2023)

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Notes 1 and 2)	Remarks
Independent Director	Lin, Chih-Lung	8		100%	Re-elected (Re-elected on June 27, 2023)
Independent Director	Wang, Hsin-Min	8		100%	Re-elected (Re-elected on June 27, 2023)
Independent Director	Kuo. Nan-Chiang	6		100%	Newly elected (Elected on June 27, 2023)

The audit committee shall be composed of the entire number of independent directors and hold a meeting at least quarterly. The matters discussed at the meeting mainly include:

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Any other material matter so required by the Competent Authority.

※ Auditing of financial reports

The board of directors have compiled and delivered the Company's 2023 Business Reports, the Financial Statements, and the Deficit Compensation Statement, among which, the Financial Statements has been audited by independent auditors, Hsu, Chen-Lung and Su, Yen-Ta of KPMG Taiwan with an independent auditor's report issued. The Audit Committee have found the above Business Reports, Financial Statements, and Deficit Compensation Statement to be in order.

※ Appointment of CPAs

Whether the CPAs were independent and competent was evaluated by the Audit Committee and the Board of Directors on March 14, 2024. No interest, kinship or other relationship existed between the CPAs and the Company. In providing professional services, the CPAs were impartial and objective. In addition, they were issued a statement of absolute independence. They conformed to the standards for independence and competency.

Other information required to be recorded:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the proposal(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(1).Matters listed under Article14-5of the Securities Exchange Act

Meeting date (session number)	Proposal details	Matters listed under Article 14-5 of the Securities Exchange Act	Meeting outcomes of the Audit Committee and responses to the suggestions of the Audit Committee
March 29, 2023 (19th meeting of the 1st Commitee)	1. Proposal on 2023 business plan and budget of the Company. 2. Proposal on 2022 parent company only and consolidated financial statements of the Company. 3. Proposal on 2022 distribution of earnings. 4. Proposal for issuance of new shares through capitalization of earnings. 5. Proposal for internal audit business report. 6. Proposal to issue the Company's internal control system	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all

	statement for the year ended December 31, 2022. 7. Additional project for the Da-Ying King KOng Plant 8. Proposal for evaluation of the independence and suitability of the Company's Certified Public Accountants, and appointment and remuneration of Certified Public Accountant for the year ended December 31, 2023. 9. Proposal to establish the record date for the issuance of employee stock options for the fourth quarter of 2022. 10. Proposal for private placement of securities and application for listing. 11. Proposal for standards for classifying overdue accounts receivable as deemed loaning of funds.		directors present.
May 10, 2023 (20th meeting of the 1st Committee)	1. Proposal on Q1 2023 consolidated financial statements of the Company. 2. Proposal for internal audit business report. 3. Proposal for issuance of new shares through the exercise of stock warrant. 4. Proposal on standards for classifying overdue accounts receivable as deemed capital loans. 5. Proposal for appointment of the Chief Strategy Officer.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
June 27, 2023 (1st meeting of the 2nd Committee)	1. Proposal on election of the convener and chairman of the Company's Audit Committee.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
July 18, 2023 (2nd meeting of the 2nd Committee)	1. Recognition of the valuation report for the right-of-use assets by the Company.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
August 10, 2023 (3rd meeting of the 2nd Committee)	1. Proposal on Q2 2023 consolidated financial statements of the Company. 2. Proposal for internal audit business report. 3. Approved "Internal Control System Statement." 4. Proposal on amendment of certain clauses in the Company's self-assessment procedures. 5. Proposal on establishment of a new overseas subsidiary by the Company. 6. Proposal on standards for classifying overdue accounts receivable as deemed capital loans.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
October 5 10, 2023 (4th meeting of the 2nd Committee)	1. Proposal for internal audit business report. 2. Proposal to establish the record date for the issuance of employee stock options for the third quarter of 2023. 3. Proposal to establish the ex-rights date for the issuance of new shares through profit capitalization in 2022.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
November 10, 2023 (5th meeting of the 2nd Committee)	1. Proposal on Q3 2023 consolidated financial statements of the Company. 2. Proposal for internal audit business report. 3. Proposal for: adoption of the "Audit Work Schedule for 2024" by the Company. 4. Proposal for standards for classifying overdue accounts receivable as deemed capital loans.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
December 5, 2023 (6th meeting of the 2nd Committee)	1. Proposal for establishment of the Cyber Security Unit, appointment of the Chief Cyber Security Officer, and compensation by the Company. 2. Proposal for replacement of the Information Systems by the Company. 3.Proposal for establishment of a new overseas subsidiary by the Company.	V	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.

(2) Other resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors except for those

mentioned above: None.

2. Recusals of independent directors with respect to any proposals with which they may have a conflict of interest: specify the independent director's name, the content of the proposal, the cause for recusal, and whether and how the director voted: None.

3. The independent directors' communications with the internal audit executives and accountants (including material matters, methods and results of communications about the Company's financial affairs and businesses):

Meetings of the Audit Committee	Communications with the internal audit executives	Communications with the accountants
March 29, 2023 (19th meeting of the 1st Commitee)	Proposal for review of internal audit operations report for the period October to December, 2022.	Proposal for audit status of financial statements for the year ended December 31, 2022. Proposal for results of internal control audit for the year ended December 31, 2022.
May 10, 2023 (20th meeting of the 1st Committee)	Proposal for review of internal audit operations report for the period January to March, 2023.	
August 10, 2023 (3rd meeting of the 2nd Committee)	Proposal for review of internal audit operations report for the period April to June, 2023.	
October 510, 2023 (4th meeting of the 2nd Committee)	Proposal for review of internal audit operations report for the month of July 2023.	
November 10, 2023 (5th meeting of the 2nd Committee)	Proposal for review of internal audit operations report for the period August to September, 2023.	Proposal for audit status of Q3 financial statements for the year ended Dec.31, 2023. Proposal for results of Q3 internal control audit for the year ended Dec.31, 2023.
March 14, 2024 (7th meeting of the 2nd Committee)	Proposal for review of internal audit operations report for the period October to December, 2023.	Proposal for audit status of financial statements for the year ended Dec.31, 2023. Proposal for results of internal control audit for the year ended December 31, 2023.

Note 1: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of Audit Committee meetings held and the number they attended in person during the period they were in office.

Note 2: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of Audit Committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(3).Corporate governance – implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company formulated the Corporate Governance Best-Practice Principles at the meeting of the Board of Directors, disclosing them on the website of the Company and M.O.P.S.	No significant difference
II. Shareholding structure and shareholders' equity				
(I) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(I) They are handled by the spokespersons, legal personnel and acting spokespersons, or with the support of legal counsels.	No significant difference
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(II) Refer to the members' register provided by the service agent.	No significant difference
(III) Has the Company constructed and implemented a risk management system and a firewall between the Company and its affiliates?	V		(III) Mechanisms have been constructed for controlling the subsidiaries' transactions for acquiring/disposing of assets and derivatives, capital loans, endorsements and guarantees.	No significant difference
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(IV) The Company has formulated the ethical corporate management best practice principles so that its insiders cannot take advantage of non-public information to gain benefits.	No significant difference
III. Composition and responsibilities of the board of directors				
(I) Have diverse policies and specific management objectives been adopted for the boardandfully implemented?	V		(I) The Company has established Corporate Social Responsibilities and Election Measures for Directors and Supervisors, where it is specified that members of the Board of Directors shall be diverse, and appropriate diverse policies shall be formulated with respect to operation, operation mode and development need of the Board of Directors. As of April 30, 2024, the Company had 11 directors, including 3 independent directors. The directors' professional backgrounds cover laws, accounting and finance, etc. With diverse academic and knowledge backgrounds, the directors can offer professional suggestions from different perspectives, which is of great help for improving the Company's business performance and management efficiency.	No significant difference
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	(II) The Company has established the remuneration committee and the audit committee. Other functional committees will be built according to actual needs of the business operations.	This will be done in compliance with laws and regulations in the future.
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance appraisal on an annual basis, and submitted the results of performance appraisal to the Board of Directors and used them as reference for determining salary/compensation for individual directors and their nomination and additional office terms?	V		(III) The Company has formulated the Performance Appraisal Measures according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and these measures were approved by the Board of Directors on September 21, 2020. Annually, the members and discussion authorities of the Board of Directors evaluate performances of the Board of Directors by self-evaluation in five dimensions (namely degree of involvement in the Company's business operations, improvement of decision making by the Board of Directors, components and structure of the Board of Directors, as well as election, appointment, continuing education and internal control of the directors). The Company's performance appraisal results of the Board of Directors in 2023 were "normal".	No significant difference
(IV) Does the Company regularly evaluate its CPAs' independence?	V		(IV) In accordance with Article 29 of the Corporate Governance Best Practice Principles, an assessment of the independence and suitability of CPAs is conducted annually and submitted to the Audit Committee and the Board of Directors for deliberation. In case of any new	No significant difference

			appointment in the current year, the assessment shall be conducted again. The independence and suitability of the CPAs are assessed annually by the Finance Department in accordance with the "Evaluation Form for the Objectivity, Independence and Suitability of the Appointed CPAs" (Note 1). The results of the evaluation items in accordance with the evaluation form are in conformity with the requirements, and the CPA's independence statement and audit quality indicator (AQI) information issued by the accounting firm are obtained to prove that the CPAs are consistent with their independence and suitability, and then are submitted to the Audit Committee and the Board of Directors for deliberation.	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility for corporate governance (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, organizing board meetings and general shareholders' meetings as required by laws, and compiling minutes of board meetings and general shareholders' meetings)?	V		On March 29, 2023, the Company appointed Manager Weng, Wei-Chun, the assitstent manager of the Finance Department as the director of corporate governance with the approval of the Board of Directors.	No significant difference
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has appointed spokespersons, acting spokespersons and service agents for communicating with the outsiders and investors on behalf of the Company. The business, procurement, finance and accounting organizations have created appropriate channels for communicating with the main upstream and downstream manufacturers, correspondent banks and other related stakeholders.	No significant difference
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholders' meetings?	V		The Company has appointed Capital Securities Corporation as its shareholder services agent.	No significant difference
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its finance, business, and corporate governance status?	V		(I) The website of the Company is www.chgtex.com, which mainly comprises of the homepage, company profile, financial information, talent recruitment and product showcases. Other information on corporate governance will be included in the website in succession.	No significant difference
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(II) The Company has created an English website and appointed special personnel to collect and disclose information of the Company. The spokespersons and acting spokespersons function well. The Company held an investor conference on December 21, 2023, which was also announced on the website of the Company.	No significant difference
(III) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating conditions for each month before the specified deadlines?		V	(III) The Company announces and declares data about its preceding month's revenues before the tenth day of each month. Although the Company fails to announce its annual financial statements within two months after the end of the fiscal year owing to the accountants' auditing, it still announces and declares its financial reports within the specified deadlines.	Improvements will be made based on this objective in the future.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights and interests, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee rights: The Company consistently treats the employees in good faith, to protect their lawful rights and interests based on the Labor Standards Act. 2. Employee wellness: Develop trustworthy relationships with the employees through the welfare system for enriching/stabilizing employees' lives, favorable training and education systems. 3. Investor relations: Special personnel respond to the shareholders' suggestions. 4. Supplier relations: The Company has maintained good relations with its suppliers.	No significant difference

			5. Stakeholders' rights: The stakeholders shall communicate with the Company and make suggestions to the Company, to protect their lawful rights and interests. 6. Continuing education of the directors: All directors complied with the continuing education requirements in 2023. (Note 2) 7. Implementation of risk management policies and risk evaluation standards: The Company has established the Internal Control System and related administrative measures. It acts according to the system and measures. 8. Implementation of customer policies: The Company maintains good stable relationships with its customers, to create profits. 9. Purchase of liability insurance for the directors by the Company: The Company purchases liability insurance for the directors during their term of office with respect to the lawful coverage within the scope of their duties as stipulated by Article 39 of the Corporate Governance Best Practice Principles, to reduce and decentralize the risks of material damages to the Company and its shareholders resulting from the directors' faults or negligent acts.	

IX. Please state the improvements that have been made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent years, and put forward what will be enhanced first and the measures for those remaining to be improved. (Inapplicable if the Company isn't within the evaluation scope)

Completed improvements:	1. Point 1.9 : The Company will simultaneously upload the English version of the meeting notice at least 30 days prior to the Annual Shareholders' Meeting. 2. Point 3.12: The annual report of the Company discloses a clear and detailed dividend policy.
Pending improvements:	1. Point 3.17: The Company's website discloses information related to financials, business operations, and corporate governance. 2. Point 3.14: The Company's annual report discloses the performance evaluation of directors and managers and its linkage to their compensation.

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

Note 1:

Evaluation of the Independence and Suitability of the Attesting CPAs in 2023

1. Description of evaluation: According to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", a TWSE/TPEx listed company shall select as its external auditor a professional, responsible, and independent attesting CPA, and shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually.
2. Attesting CPAs Review and Evaluation Form (☑Finance Affairs☑Tax Affairs)

Review Date: March 14, 2024

CPAs under the review: ☑Currently hired☐CPA Candidate: _(_CPA Hsu, Chen-Lung; CPA Su, Yen-Ta)_

One. Review of the Requirements for Independence (for any of the following items ticked “No”, the concrete facts should be followed up further)					
Item No.	Evaluation Content	Tick Yes or No			Remarks/Description
		Yes	No	N/A	
01	The CPA, or the spouse or a minor child thereof, has invested in the Company, or shares in financial gains therewith.	V			
02	The CPA, or the spouse or a minor child thereof, has lent or borrowed funds to or from the Company. However, this does not apply if the client (the Company) is a financial institution and the borrowing or lending is part of a normal business relationship.	V			
03	The accounting firm does not issue an assurance report on the effectiveness of the operation on its financial systems which were designed or implemented assist by the firm before.	V			
04	The CPA or member of the audit engagement team being, or having been a director, or managerial officer, or employed by the Company in a position to exert significant influence over the subject matter of the audit engagement within the last two years.	V			
05	The non-audit service which performed by the firm for the Company would not affect directly a material item of the assurance engagement.	V			
06	The CPA or member of the audit engagement team does not promote or broker shares in the Company or other securities issued by the Company.	V			
07	Besides legally permitted businesses, the CPA or member of the audit engagement team does not act as an advocate on behalf of an audit client in litigation or disputes with third parties.	V			
08	The CPA or member of the audit engagement team is not a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any director, or managerial officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement.	V			
09	A former partner within one year of disassociating from the firm does not join the Company as a director, managerial officer, or is in a key position to exert significant influence over the subject matter of the engagement.	V			
10	The CPA or member of the audit engagement team does not accept gifts or preferential treatment from the Company, the Company’s director, managerial officer, or major stockholder.	V			
11	The CPA is not currently employed by the client (the Company) or audited entity to perform routine work for which he or she receives a fixed salary, or currently serves as a director or supervisor thereof.	V			
12	After the Company went public: The CPA has not provided the company’s audit engagement for seven consecutive years. Before the Company went public: The CPA has not provided the company’s audit engagement for ten consecutive years.	V			

Two. Review of the Implementation of Independence (for any of the following items ticked “No”, the concrete facts should be followed up further)					
Item No.	Evaluation Content	Tick Yes or No			Remarks
		Yes	No	N/A	
01	Does the CPA avoid and not accept the engagement when he/she may have involved in any direct or material indirect interests which may impair his/her impartiality and independence?	V			
02	Does the CPA maintain Independence of Mind and in Appearance in the work of assurance services including an audit or review of financial statements, or a special audit case?	V			
03	Do the members of audit team, the partners of the firm or shareholders of corporate accounting firms, accounting firms, and any of affiliates, and network firms, be always independence with the Company?	V			
04	Is the CPA honest, objective and keeping the spirit of independence when performing his/her profession services?	V			

Item No.	Evaluation Content	Yes	No	N/A	Remarks
05	Does the CPA perform his/her profession services in an fair and objective manner, and have avoided bias, conflict of interest or undue influence of others to override professional or business judgments?	V			
06	The situation that in the lack of or impairment of independence, the integrity and objectivity could also not be held does not happen to the CPA.	V			
Three. Review of Suitability (for any of the following items ticked "No", the concrete facts should be followed up further)					
Item No.	Evaluation Content	Tick Yes or No			Remarks
		Yes	No	N/A	
01	The CPA has not been disciplined by the CPA Discipline Committee during the last two years.	V			
02	Does the accounting firm have the scale, resources, and area coverage rate sufficient to handle the audit engagement services for companies?	V			
03	Does the accounting firm have well-defined quality control procedures? Does the content covered include the levels and main points of the audit procedures, the way audit problems are handled and judgments are made, review on quality control of independence, and risk management?	V			
04	Does the accounting firm notify the board of directors (the audit committee) of any significant issues and developments in risk management, corporate governance, financial accounting, and risk control in a timely manner?	V			
Four. Other Supplementary Matters					
Description: None					
Five. Review Comments on the Evaluation					
☑The review is passed. Please continue the engagement / stay the same engagement. □ The review raises concerns. Please discontinue the engagement / replacement of the CPA Description of the Reason:					

Evaluation Unit: Finance Department
Date of approval by the Board of Directors: March 14, 2024

KPMG
68F., TAIPEI 101 TOWER, No. 7. Sec.5, Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Tel +886 2 8101 6666
Fax +886 2 8101 6667
Web kpmg.com/tw

Recipient: CHIA HER INDUSTRIAL CO., LTD.

Subject: The CPA hereby engaged to audit and attest Chia Her Industrial Co., Ltd.'s 2024 Financial Statements has met the requirements for independence set out in the "Norm of Professional Ethics for Certified Public Accountant of the Republic of China".

Explanation: The Firm's requirements for independence include: the individual independence of all members (financial interests, financing guarantees, employment relationship, etc.), business relationships with clients, CPA rotation, and non-audit services, and other policies and procedures. The important regulations and compliance matters are hereby described as follows:

1. Important regulations for independence

(1) The firm, persons employed by the firm, and other persons governed by the regulations for independence (including persons hired by network firms) should maintain independence in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China.

(2) Any person should not (directly or indirectly) engage in insider trading, misuse of inside information, or any conduct that may cause misunderstanding in securities or capital markets. Meanwhile, the statement that the person hired by the firm has complied with the independence policies and procedures should be obtained every year .

(3) In the case of the auditing engagement of the financial statements of a TWSE (or TPEx) listed company or an Emerging Stock company, the lead and review engagement partner as well as the CPA performing quality control review should rotate off when the length his/her engagement has reached the time limit prescribed by the Norm of Professional Ethics for Certified Public Accountant of the Republic of China or the laws and regulations.

(4) The firm should identify and evaluate the circumstances that may affect independence and apply required safeguards to eliminate the effect or reduce it to an acceptable level. Whenever necessary, the firm should terminate the audit engagement

2. Supervision of compliance with the independence policy

(1) All auditors have signed the Declaration of Independence online, confirming their compliance with the independence standards from the time they are assigned to the audit engagement until the issuance of the audit report. Additionally, they sign the annual Declaration of Independence to reaffirm their compliance with the independence standards as well as other firm independence policies and regulations.

(2) The member's individual compliance with independence should be audited by spot checks on a regular basis and the personnel at the levels of Deputy Manager

(inclusive) or above reporting the change in personal investments should be reviewed through the individual investment reporting system.

(3) The rotation of the audit engagement CPA and the appropriateness of providing non-audit services should be under supervision and spot checked, including attestation period and prior approval of providing non-audit services.

(4) In cases of violation of the independence policy, the member (including a partner) who acts in violation of the independence policy will be referred to the Risk and Independence Committee and govern in accordance with the Independence Disciplinary Policy. Appropriate punitive actions will be taken depending on the nature and severity of the violation.

In conclusion, the CPA has been engaged to perform an audit of Chia Her Industrial Co., Ltd.'s 2024 financial statements with a rigorous and impartial attitude and a spirit of independence. There has been no violation of the Bulletin of Norm of Professional Ethics for Certified Public Accountants of the Republic of China and the standards set by the International Ethics Standards Board for Accountants (IESBA).

KPMG Taiwan

Hsu, Chen-Lung

CPA:

Su, Yen-Ta

February 20, 2024

Note 2: The directors' (including independent directors') continuing education in 2023 is as follows:

List of directors and independent directors	Date of continuing education		Organizer	Course name	Continuing education hours
	From	To			
Chairman Weng, Wei-Hsiang	October 20 ,2023	October 20 ,2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Insider Trading Prevention Seminar	3.0
	November 22, 2023	November 22, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Internal Trading Compliance Awareness Workshop	3.0
Director Chen, Chun-Hung	April 18, 2023	April 18, 2023	Taiwan Securities Association	Strengthening Information Security in the Financial Industry	3.0
	September 6,2023	September 6,2023	Taiwan Securities Association	The New Era of Artificial Intelligence, ESG Investment Principles, and Strategies	6.0
	September 28,2023	September 28,2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Series	3.0
	October 31, 2023	October 31, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Series - Sustainable Business Operations	3.0
Director Weng, Chuan-Hui	July 14, 2023	July 14, 2023	Taiwan Corporate Governance Association	How Lighthouse Factories Achieve Sustainable Development through Digital Transformation	3.0
	August 25, 2023	August 25, 2023	Taiwan Investor Relations Institute	Protection of Trade Secrets and Non-Compete Agreements	6.0
Director Weng, Mao-Chin	October 20, 2023	October 20, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Insider Trading Prevention Seminar	3.0
	November 29, 2023	November 29, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Internal Trading Compliance Awareness Workshop	3.0
Director Weng, Jung-Chuan	July 14, 2023	July 14, 2023	Taiwan Corporate Governance Association	How Lighthouse Factories Achieve Sustainable Development through Digital Transformation	3.0
	August 25, 2023	August 25, 2023	Taiwan Investor Relations Institute	Protection of Trade Secrets and Non-Compete Agreements	6.0
Director Wu, Chien-Tung	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Business Contract Introduction	3.0
	August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Patent Rights Defense and Offense	3.0
Director Hsieh, Wen-Chi	September 23, 2023	September 23, 2023	Securities and Futures Institute (SFI Taiwan)	Practical Seminar on Sustainable Development	3.0
	November 22, 2023	November 22, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Internal Trading Compliance Awareness Workshop	3.0
Director Ting, Yung-Chih	September 23, 2023	September 23, 2023	Securities and Futures Institute (SFI Taiwan)	Practical Seminar on Sustainable Development	3.0
	November 22, 2023	November 22, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Internal Trading Compliance Awareness Workshop	3.0

List of directors and independent directors	Date of continuing education		Organizer	Course name	Continuing education hours
	From	To			
Independent Director Lin, Chi-Lung	July 14, 2023	July 14, 2023	Taiwan Corporate Governance Association	How Lighthouse Factories Achieve Sustainable Development through Digital Transformation	3.0
	September 22, 2023	September 22, 2023	Taiwan Institute of Directors	Taking Care of one's Own Safety Is Not the Same as Being Truly Safe.	3.0
	October 20, 2023	October 20, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Insider Trading Prevention Seminar	3.0
	October 30, 2023	October 30, 2023	Taiwan Corporate Governance Association	The Future of Sustainable Reporting in the Capital Markets.	3.0
	November 22, 2023	November 22, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Internal Trading Compliance Awareness Workshop	3.0
Independent Director Wang, Hsin-Min	May 22, 2023	May 22, 2023	Taipei Exchange	Seminar on Sustainable Development Action Plans for Listed Companies.	3.0
	July 14, 2023	July 14, 2023	Taiwan Corporate Governance Association	How Lighthouse Factories Achieve Sustainable Development through Digital Transformation	3.0
	August 25, 2023	August 25, 2023	Taiwan Investor Relations Institute	Protection of Trade Secrets and Non-Compete Agreements	6.0
	September 22, 2023	September 22, 2023	Taiwan Institute of Directors	Taking Care of one's Own Safety Is Not the Same as Being Truly Safe.	3.0
	October 27, 2023	October 27, 2023	Securities and Futures Institute (SFI Taiwan)	Practical Seminar on Sustainable Development	3.0
Independent Director Kuo, Nan-Chiang	August 25, 2023	August 25, 2023	Taiwan Investor Relations Institute	Protection of Trade Secrets and Non-Compete Agreements	6.0
	October 13, 2023	October 13, 2023	Securities and Futures Institute (SFI Taiwan)	2023 Annual Insider Trading Prevention Seminar	3.0
	October 27, 2023	October 27, 2023	Securities and Futures Institute (SFI Taiwan)	Practical Seminar on Sustainable Development	3.0

(4). The composition, responsibilities, and operation of the remuneration committee:

1. Information on Remuneration Committee Members

Capacity \ Qualification / Name			Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	Convener	Lin, Chih-Lung	Please refer to Page 17 to Page 18		0
Independent Director		Wang, Hsin-Min			0
Independent Director		Kuo, Nan Chiang			0

2. Operation of the Remuneration Committee

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

(2). The term of the current members is from June 27, 2023 to June 26, 2026. The number of remuneration committee meetings held in the most recent fiscal year (January 1, 2023~December 31, 2023)

The Remuneration Committee held 2 meetings (A). The members' qualification and attendance are as follows:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note)	Remarks
Convener Indepent Direcror	Lin, Chih-Lung	2	0	100%	Re-elected (Re-elected on June 27, 2023)
Indepent Direcror	Wang, Hsin-Min	2	0	100%	Re-elected (Re-elected on June 27, 2023)
Indepent Direcror	Kuo. Nan-Chiang	1	0	100%	Newly elected (Elected on June 27, 2023)
Committee member	Tai, Tso-Min	1	0	100%	Formerly elected

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

3. In 2023, the contents of motions and the outcome of the resolutions of the Company's Remuneration Committee are as follows:

Session Meeting time	Proposal details	Resolution outcomes of the Remuneration Committee and the Company's responses to opinions of the Remuneration Committee
9th meeting of the 4th Committee March 28, 2023	1. Proposal for the distribution of employees' compensation and directors' remuneration for the year ended December 31, 2022.. 2. Proposal for the managerial salary adjustments	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.
1st meeting of the 5th Committee December 5, 2023	1. Proposal to nominate the Convener of the Compensation Committee. 2. Proposal for establishment of the Cyber Security Unit, appointment of the Chief Cyber Security Officer, and compensation by the Company. 3. Proposal for amount of remuneration allocated to managers. 4. Proposal for promotion and salary adjustment for manager officer.	The proposals were approved by all members present at the meeting. They were presented at the meeting of the Board of Directors, approved by all directors present.

Note:

(1)If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

(2) If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(5). Promotion of Sustainable Development - Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reason
	Yes	No	Summary description (Note 2)	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Management Department of the Company promotes and sponsors social responsibilities in combination with needs of adjacent communities, and regularly reports to the senior management and the Board of Directors.	No significant difference
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The General Mananger's Office of the Company meets with the management departments to evaluate the degree of risk at which the material issues impact the Company's business operations based on the extent of impacts upon directors, supervisors, other insiders and stakeholders. It pays attention to the impacts of changes in internal and external environment, laws, regulations and economic conditions upon the Company at all times, in hope of taking preventive actions to mitigate impacts and damages of pertinent risks. 1.1 Environmental issues: Zero discharge of hazardous chemicals (ZDHC), water resources, greenhouse gas emission and waste management, etc. 1.2 Countermeasures: Use human resources and tools for monitoring discharge quality of wastes and water; set objectives for energy conservation, waste reduction, carbon reduction and so on. 2.1 Social issues: Human rights, labor workers' rights and interests, social participation and rewards, etc. 2.2 Countermeasures: Formulate human rights policies in compliance with laws and regulations. Set up employee canteens, leisure life zones and employee dormitories, etc. Draw up measures for employee benefits, on-the-job training and employee complaints. Uphold promoting friendly relationships and giving back to the society, to assist with social public welfare activities. 3.1 Corporate governance issues: Honest business operations, strategic business operations, moral behaviors, legal compliance and prevention of insider trading, etc. 3.2 Countermeasures: Appoint corporate governance personnel and legal personnel. Perform operations on the shareholders' meetings and the meetings of the Board of Directors. Assist the directors in obtaining materials on corporate governance, arrange continuing education for the directors according to laws and regulations, and conduct regular education and training as per professional ethics and internal control standards, to prevent insiders or employees from committing illegal or immoral behaviors with insider information.	No significant difference
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		1.1 The Company attaches great importance to making improvements for environment-friendliness, energy conservation and waste reduction. From compliance with global initiatives and policies to water-saving, electricity-saving and emission reduction devices, their maintenance and even waste classification, the Company strives for perfection. Priority is always given to purchasing products, packages and raw materials with environmental benefits which matter about consumer safety and health, to integrate environmental and social responsibilities into enterprise management and development. 1.2 In 2017, the Company was certified by Bluesign, in terms of procurement, enhanced cooperation with Bluesign, an international green certification organization, and actively developed environment-friendly and healthy fabrics with non-toxic dyes. 1.3 The Company mounts wastewater treatment equipment, complies with related environmental laws and regulations, and actively recycles wastewater to reduce water consumption.	No significant difference
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		2.1 To perform its responsibility for protecting environment of the earth, the Company constantly and alternately introduces dyeing machines with low water consumption. It makes efforts towards the goals of reducing water consumption and	No significant difference

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reason
	Yes	No	Summary description (Note 2)	
			emission in the future production processes. In addition, it improves equipment and production processes, to yield the greatest benefits of management improvement by water saving, energy conservation and carbon reduction. 2.2 In response to the proposals of international textile organizations, the Company continuously promotes measures for chemical management and control over hazardous chemicals. It also drives production of products like recycled fiber wool. 2.3 The Company has always been committed to promoting water saving, energy conservation, carbon reduction, pollution prevention and control, resource recycling, procurement and packaging of green energies, etc. 2.4 In all stages from the procurement of raw materials to product selling, the Company attaches great importance to customer health and safety, and constantly improves its production processes. In combination with market trends and downstream customer requirements, it tends to manufacture non-toxic, environment-friendly and green energy products.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		In response to international environmental issues of great concerns, the Company sets objectives of energy conservation and establishes measures for energy conservation by comprehensively considering financial impacts, effects upon reputation, global economic situation, fluctuation of energy costs, costs for compliance with environmental laws and regulations as well as other factors. It also promotes its research and development of environment-friendly products, to guarantee its business development and social needs.	No significant difference
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		4.1 The Company's Department of Public Environmental Safety assigns tasks for greenhouse gas inventory, voluntary reduction of energy consumption, water consumption and wastes. It highlights execution of energy conservation and carbon reduction policies by the management systems. Moreover, it plans to extend to upstream and downstream manufacturers in the future. In combination with the supply chain of the whole industry, it will list energy conservation, carbon reduction and protection of earth environment as common objectives. To implement government policies for circular economy, respond to the United Nations sustainable development goals and improve resource utilization efficiency, facilities for pollution prevention and control have been purchased in succession. (1) The overflow washing of the dyeing machine has been changed to cylinder washing, resulting in continuous improvement and saving of water by over 5%. (2) Replacing three low bath ratio dyeing machines has reduced water consumption, and the replacement of two machines annually is ongoing. (3) Partial immersion dyeing processes have been changed to cold dyeing processes to reduce water and steam consumption, with continuous testing and improvement. (4) Automation improvements have been made to dyeing machines for yarn dyeing, reducing water and energy consumption. 4.2To attain the goals of energy conservation and emission reduction, the following results have been achieved after the aforementioned equipment upgrading: (1) The goal of replacing two low bath ratio dyeing machines annually has been achieved, with a total of 12 machines replaced by the 2024. (2)The cold dyeing is estimated to reduce the water consumption by 5%. (3) The modification of yarn dyeing machines was completed in October 2023, resulting in automatic reduction of steam and water consumption and increased use of recycled hot water. (4)Save water, electricity and fees by 5%, 2%, saving total NT$ 6,500,000 per year. 4.3 Annually track and statistically analyze data on energy consumption, energy conservation and carbon reduction. Review improvements and make constant pursuits for	No significant difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>advancement.
4.4 Statistically analyze greenhouse gas emission, water consumption and total weight of wastes in the past two years.
<table>
<tr><td>Fiscal Year</td><td colspan="2">Greenhouse Gas Emissions (MT)</td><td>Total Water Usage (m^3)</td></tr>
<tr><td></td><td>Scope 1</td><td>Scope 2</td><td></td></tr>
<tr><td>111</td><td>14,283.80</td><td>79,228.80</td><td>1,894,520</td></tr>
<tr><td>112</td><td>7,392.38</td><td>65,051.61</td><td>1,742,978</td></tr>
</table>
<table>
<tr><td>Fiscal Year</td><td colspan="2">Waste (MT)</td></tr>
<tr><td></td><td>Hazardous</td><td>Non-hazardous</td></tr>
<tr><td>111</td><td>0</td><td>380</td></tr>
<tr><td>112</td><td>0</td><td>378</td></tr>
</table></td><td></td></tr>
<tr><td>4. Social Issues
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>The Company complies with pertinent laws, regulations and international conventions of human rights in terms of recruitment and employment. It is the first manufacturer of the textile industry which has realized employment of migrant workers “without cost”.</td><td>No significant difference</td></tr>
<tr><td>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</td><td>V</td><td></td><td>Despite that the Company does not always have earnings from its business operations every year, it still offers compensation incentives based on performance appraisal. In addition, it considers labor-management harmony and benefits for all employees. For instance, the Company normally organizes barbeque activities for employees and praises model workers.</td><td>No significant difference</td></tr>
<tr><td>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</td><td>V</td><td></td><td>The Company has a medical office, medical and nursing personnel. It monthly arranges professional physicians to the premise to care for the employees’ mental and physical health. All employees of the Company receive occupational safety and fire training according to the annual health and safety plans.</td><td>No significant difference</td></tr>
<tr><td>(4) Has the Company established effective career development training programs for employees?</td><td>V</td><td></td><td>The education and training systems of the Company are classified into “new employee training”, “occupational skills training”,
“management training” and “occupational safety training”:
A. “New employee training”: Conducted in order that the new employees can adapt to new environment, covering the Company’s organizational structure, systems and industrial safety instructions.
B. “Occupational safety training”: To make sure that all new employees could work under safe and sanitary environment, and know about connotations of occupational safety and health laws and regulations.
C. “Occupational skills training”: To make the employees competent for their duties and corresponding positions. The training contents are determined based on capability requirements for different duties/pisitions and with reference to the “objectives of occupational skills training”. At the end of the year, review the “objectives of occupational skills training” and amend functional requirements and relevant training contents.
D. “Management training”: Conducted to make the employees become competent for management before promotion to be executives.</td><td>No significant difference</td></tr>
<tr><td>(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?</td><td>V</td><td></td><td>5.1 All textile products of the Company are finished and semi-finished, which are traded in large quantities in B2B transactions. Most of them are not directly sold to ordinary consumers. Media advertisements, promotions and other marketing activities are seldom performed for these products. If promotion activities concerning laws and regulations are carried out, the units of the Company will consult with legal personnel and lawyers for advices, to avoid violations. In addition, the Company has formulated the Administrative Measures for Personal Data, to strictly restrict and control access to personal data for the purpose of protecting customer privacy.
5.2 Maintaining good supply chain relationships with the customers is important for sustainable business operations of an enterprise. To learn about valuable opinions of the customers, the Company expressly specifies customer</td><td>No significant difference</td></tr>
</table>

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reason
	Yes	No	Summary description (Note 2)	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		complaint channels, as well as application procedures for return, replacement and compensation. For customer complaints about products, the salesmen fill in the Customer Complaint Reporting and Handling Form to cope with matters about return, replacement and discount. 6.1 The Company rigorously requires its suppliers of raw materials to comply with Oeko Tex Standard 100, Substances of Very High Concern (SVHC), warranty of no organic tins, warranty of no APEOs and survey form/declaration on content of ZDHC. The transport of hazardous goods shall conform to national transport regulations, standards and conditions. Specify clauses of purchase contracts, where the suppliers are required to comply with rules. In the "purchase orders" and "order notices", it is stated that the Company carries forward the spirit of sustainable business operations, adheres to the arm's length transaction principles, and consistently requires the manufacturers it cooperates with to conform to the standards on environmental protection, workers' safety and human rights. All products which are found nonconforming in the incoming inspections shall be returned, replaced, and included in the supplier assessment. If serious, transaction and cooperation will be suspended. 6.2 Having been certified by Bluesign, the Company also takes initiatives to require its suppliers to improve the Bluesign certified products, and increases its purchase quantity of certified products year by year. 6.3 Priority is given to purchasing recycled, low-pollution and recyclable products which comply with international rules on environmental protection and carry eco or energy labels.	No significant difference
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The Company has not prepared the Corporate Social Responsibility Report.	The capital amount isn't up to the specified standard.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has formulated the Sustainable Development Best Practice Principles. It performs its corporate social responsibilities in order and step by step according to its current situation, laws and regulations.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: 1. The Company implements the environmental policies promoted by the governments. 2. Sponsor local public welfare and harmonious neighborhood activities.				

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

(6). Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation items	Implementation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principle for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its board of directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the board of directors and the top management team?	V		(I) The Company complies with the Company Act, Securities Exchange Act, Business Accounting Act, rules and regulations on listing or laws and regulations concerning other commercial behaviors as essentials for ethical management.	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies"? (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V V		(II&III) Moreover, the Company has formulated the Ethical Management Best Practice Principles, Operating Procedure and Action Guide for Ethical Management to better ensure ethical management. It has also established effective accounting and internal control systems. Internal auditors regularly check compliance with such systems. Besides, the internal auditors are subordinate to the Board of Directors, who attend meetings of the Board of Directors and may directly report to the Board of Directors, to ensure that the Company's business operations are in line with the resolutions of the Board of Directors.	(I, II & III) To be formulated based on the Company's operating conditions and scale.
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company regularly evaluates and selects qualified manufacturers to avoid transacting with those with records of dishonest acts.	Without significant deviations from Article 9 of Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The Company has not set up any special unit for promoting corporate ethical management. The departments try their best to perform ethical management within the scope of their duties.	To be formulated based on the Company's operating conditions and scale
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V V		(III&IV) To ensure ethical management, the Company has established effective accounting and internal control systems. The internal auditors and accountants regularly check compliance with the aforementioned systems. The rules of avoidance for conflicts of interests are expressly formulated in the rules of procedure of the Board of Directors and the rules of the functional committees. Besides, the internal auditors are subordinate to the Board of Directors, who attend meetings of the Board of Directors and may directly report to the Board of Directors, to ensure that the Company's business operations are in line with the resolutions of the Board of Directors.	(III&IV) Without significant deviations from Article 20 of Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Evaluation items	Implementation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principle for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(V) The Company hasn't regularly conducted related education or training. The departments, audit and internal audit organizations try their best to perform ethical management within the scope of their duties. For deadlines of related education and training, refer to government rules.	To be conducted based on the Company's operating conditions and scale
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V V V		The Company plans whistleblowing and confidentiality systems. It has set up a special window for accepting whistle-blowing, to accept employee complaints through the employee complaint mailbox. The Company truly keeps identity of the whistle-blowers and the reports confidential, for the purpose of protecting the whistle-blowers from being improperly treated for their whistle-blowing.	Comply with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The contents on the ethical corporate management best practice principles disclosed by the Company in its annual report are also available from the Company's website. (http://www.chgtex.com)	Comply with Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
5. If the company has adopted its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: No deviations.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The Company has designated personnel as a regular contact channel between itself and customers in order to keep tabs on customers and ensure ethical management of both parties through a good mechanism. The Company also at all times monitors the development of relevant regulations concerning ethical corporate management, based on which the adopted operational regulations will be reviewed and improved with a view to achieving better implementation of ethical management.				

Note 1: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

(7). If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:
The Company's website: www.chgtex.com and the Market Observation Post System (MOPS): mops.twse.com.tw

(8). Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: None

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(9). The state of implementation of the company's internal control system is as follows:

1. A Statement on Internal Control

CHIA HER INDUSTRIAL CO., LTD.

Statement on Internal Control

Date: March14,2024

Based on the findings of a self-examination, the Company states the following with regard to its internal control system during the year of 2023:

1. We understand it is the responsibility of the Company's board of directors and managerial officers to have internal control system established, enforced, and maintained. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant laws and regulations.
2. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three objectives above. Furthermore, environmental, and situational changes may affect the effectiveness of internal control policies. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.
3. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Regulations" for the details of the said items.
4. The Company has adopted the above judgment items of internal control system to assess the design and operating effectiveness of the internal control system.
5. Based on the findings of the preceding examination, the Company believes that, as of December 31, 2023, its internal control system (including supervision and management of subsidiaries) as well as monitoring the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of the reporting and compliance with applicable laws and regulations, etc., were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. The Statement is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. The Statement was approved at the meeting of the Board of Directors on March 14, 2024. 11 directors (including 3 directors) attended the meeting and no director offered dissenting opinions. All directors present agreed to the Statement, affirming the contents therein.

CHIA HER INDUSTRIAL CO., LTD.

Chairman: Weng, Wei-Hsiang (Signature)

General Mananger: Weng, Wei-Hsiang (Signature)

2. If CPAs are appointed to specially audit the internal control system, the CPAs' audit report shall be disclosed: None.

(10). If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(11). Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(1) Resolutions of regular shareholders' meeting

Meeting date	Material resolution	Outcome of resolution	Implementation status
June 27, 2023	1. The Company's 2022 business report and final account books were presented for approval.	Approved as resolved by the shareholders present by voting	Approved by resolution
	2. The Company's 2022 distribution of earnings is presented for approval. (NT$0.3 per share)	Approved as resolved by the shareholders present by voting	The ex-rights and ex-dividend date is set for November 6, 2023, with the stock distribution completed on December 20, 2023.
	3. Amendment of the Company's "Articles of Incorporation" is proposed for discussion.	Approved as resolved by the shareholders present by voting	The resolution is passed, and the operation proceeds according to the amendments.
	4. Issuance of new shares through capitalization of earnings is proposed for discussion.	Approved as resolved by the shareholders present by voting	Approved by resolution
	5. The re-election of directors upon the expiration of their terms was proposed for election.	Approved as resolved by the shareholders present by voting	Approved by resolution
	6. Lifting the restrictions on competition for newly appointed directors and their representatives.is proposed for discussion.	Approved as resolved by the shareholders present by voting	Approved by resolution

(2) Resolutions of the meeting of the board of directors

Session	Date	Major Resolution
22nd meeting of the 17th Board	March 29, 2023	1. Proposal on 2023 business plan and budget of the Company was approved. 2. Proposal on 2022 parent company only financial statements and consolidated financial statements of the Company was approved. 3. 2022 earning distribution proposal of the Company was approved. 4. Proposal for issuing new shares by converting earnings for capital increase was approved. 5. The Company's 2022 remuneration distribution proposal for employees and directors of the Company was approved. 6. Proposal for issuing 2022 statement on internal control system of the Company was approved. 7. Report on the Company's performance appraisal results of the Board of Directors was approved. 8. Proposal for determining base date of capital increase by executing the employee stock options in Q4, 2022 was approved. 9. Proposal for the Company's private placement of negotiable securities for public offering and listing application was approved. 10. Proposal for the additional Kingkong works of the Company was approved. 11. Proposal for evaluation on independence and competency of the CPAs of the Company, appointment and remuneration of accountants in 2023 was approved. 12. Proposal for subsequent confirmation of spokesperson changes was approved. 13. Proposal for appointing director of corporate governance was approved. 14. Proposal for adjusting salaries of managerial officers was approved. 15. Proposal for electing the 18th directors of the Company was approved. 16. Proposal for lifting the non-compete restriction on newly appointed directors and their representatives was approved. 17. Proposal for processing matters about nominating candidates of directors (including independent directors) by over 1% of shareholders was approved. 18. Proposal for accepting matters proposed by over 1% of shareholders was approved. 19. Proposal for formulating the Company's principles for distributing souvenirs to the shareholders was approved. 20. The proposal for convening 2023 general shareholders' meeting of the Company to electronically over related matters was approved.
23th meeting of the 17th Board	April 21, 2023	1. Amendment to the period for accepting nominations of directors (including independent directors) proposed by shareholders holding over 1% of the Company's shares.
24th meeting of the 17th Board	May 10, 2023	1. Proposal on Q1 2023 consolidated financial statements of the Company. 2. Proposal for issuance of new shares through the exercise of stock warrant. 3. Proposal for amendment of the Company's "Articles of Incorporation." 4. Proposal for the nomination of candidates for directors (including independent directors) for 2023. 5. Proposal for appointment of the Chief Strategy Officer.
1st meeting of the 18th Board	June 27, 2023	1. Proposal for the re-election of the Chairman of the Board. 2. Proposal for the re-election of the Vice Chairman of the Board. 3. Proposal for the appointment of General Manager 4. 4Proposal for the appointment of members and remuneration of the 5th Compensation Committee
2nd meeting of the 18th Board	July 18, 2023	1. Recognition of the valuation report for the right-of-use assets by the Company.
3rd meeting of the 18th Board	August 10, 2023	1. Proposal on Q2 2023 consolidated financial statements of the Company. 2. Proposal for amendment of certain articles of the internal control system of the Company. 3. Proposal for amendment of certain clauses in the Company's self-assessment procedures. 4. Proposal on establishment of a new overseas subsidiary by the Company.

Session	Date	Major Resolution
4th meeting of the 18th Board	October 5, 2023	1. Proposal to establish the record date for the issuance of employee stock options for the third quarter of 2023. 2. Proposal to establish the ex-rights date for the issuance of new shares through profit capitalization in 2022.
5th meeting of the 18th Board	November 10, 2023	1. Proposal for change in General Manager. 2. Proposal on Q3 2023 consolidated financial statements of the Company. 3. Proposal for: adoption of the "Audit Work Schedule for 2024" by the Company. 4. Proposal for the regulation of exit mechanism for employees and appointed managers.
6th meeting of the 18th Board	December 5, 2023	1. Proposal for establishment of the Cyber Security Unit, appointment of the Chief Cyber Security Officer, and compensation by the Company. 2. Proposal for replacement of the Information Systems by the Company. 3. Proposal for amount of remuneration allocated to managers. 4. Proposal for promotion and salary adjustment for manager officer. 5. Proposal for establishment of a new overseas subsidiary by the Company.
7th meeting of the 18th Board	March 14, 2024	1. Proposal on 2024 business plan and budget of the Company. 2. Proposal on 2023 parent company only and consolidated financial statements of the Company. 3. Proposal on 2023 distribution of earnings. 4. Proposal for issuance of new shares through capitalization of earnings. 5. 5 Proposal for the distribution of employees' compensation and directors' remuneration for the year ended December 31, 2023.. 6. Proposal for amount of remuneration allocated to managers. 7. Proposal to issue the Company's internal control system statement for the year ended December 31, 2023. 8. Proposal for the performance evaluation report of the Board of Directors of the company. 9. Proposal to establish the record date for the issuance of employee stock options for the fourth quarter of 2023. 10. Proposal for evaluation of the independence and suitability of the Company's Certified Public Accountants, and appointment and remuneration of Certified Public Accountant for the year ended December 31, 2024. 11. Proposal to increase the general principles of the Company's pre-approval non-assurance service policy. 12. Proposal for amendment of the Company's "Articles of Incorporation." 13. Proposal for change in Acting General Manager. 14. Proposal to supplement and elect additional independent directors for the 18th session of the Company. 15. Proposal to lift the restriction on competitive activities for newly appointed independent directors of the Company. 16. Proposal of matters related to accepting nominations for directors (including independent directors) proposed by shareholders holding over 1% of the Company's shares. 17. Proposal of matters related to accepting proposals submitted by shareholders holding over 1% of the Company's shares. 18. Proposal of the establishment of principles for distributing souvenirs to shareholders of the Company. 19. Proposal of convening the 2023 Annual Shareholders' Meeting of the Company and allowing electronic voting rights.

(12). Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None.

(13). A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the persons involved with financial reports (including the company's chairperson, General Mananger, chief accounting officer, and chief internal auditor):

Summary form on resignation and dismissal of the Company's related personnel

January 1, 2023 ~ March 31, 2024

Title	Name	Date Available	Date of Dismissal	Reason for Resignation or Dismissal
Spokesperson	Fang, Ping-Huang	August 12, 2015	February 6, 2023	Personal factors
General Manager	Wu, Chien-Tung	March 20, 2020	November 9, 2023	Personal factors

Note: The Company's related persons refer to chairman, General Mananger, chief accounting officer, chief financial officer, internal audit executives, corporate governance officers, research and development officers.

4. Information on the professional fees of the attesting CPAs (external auditors)

Unit: NT$ Thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
KPMG Taiwan	Hsu, Chen-Lung	January 1, 2023~December 31, 2023	4,390	772	5,162	
	Su, Yen-Ta					

Note 1: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid.

Note 2: Non-audit fees and services:

1. The fees of transfer pricing services in 2023 amounted to NT$ 130 thousand.
2. The change registration service fees of the Company amounted to NT$ 92 thousand.
3. The tax certification fees amounted to NT$ 400 thousand.
4. Full-time employees who were not executives were certified to be NT$ 30 thousand.
5. Private placement supplementary public offering declaration document review fee of NT$70,000.
6. Review fee for the declaration documents for the issuance of new shares (capitalization of earnings) without consideration is NT$50,000.

5. Information on replacement of certified public accountant: None

6. Where the company's chairperson, General Mananger, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

7. Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent:

(1). Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders

Job title (Note 1)	Name	Fiscal year 2023		As of April 27, 2024	
		Shareholding Increase (or Descrease)	Pledged Shareholding Increase (or Descrease)	Shareholding Increase (or Descrease)	Pledged shareholding increase (or decrease)
Chairman	Po Chang Investment Co.,Ltd. Representative: Weng, Wei-Hsiang	2,939	-	-	-
Director	Po Chang Investment Co.,Ltd. Representative: Chen, Jun-Hong	-	-	-	-
Director	Po Chang Investment Co.,Ltd. Representative: Weng, Wei-Hsiang	3,099	-	-	-
Director	Holding International Co., Ltd. Representative: Weng, Mao-Chung	39,220	-	-	-
Director	Holding International Co., Ltd. Representative: Weng, Jung-Chuan	(12,600)	-	-	-
Director	Wu, Chien-Tung	-	-	-	-
Director	Hsieh, Wen-Chi	45,403	-	-	-
Director	Ting, Yung-Chih	17,280	-	-	-
Independent Director	Lin, Chi-Lung	-	-	-	-
Independent Director	Wang, Hsin-Min	-	-	-	-
Independent Director	Kuo, Nan-Chiang	-	-	-	-
General Manager	Weng, Wei-Hsiang	2,939	-	-	-
Vice General Manager	Weng, Wei-Chi	(18,424)	-	-	-
Special Assistant	Huang, Chung-Hai	(442)	-	-	-
Assistant Manager	Chiu, Fu-Yu	-	-	-	-
Assistant Manager	Yang, Sheng-Hung	16,499	-	-	-
Chief Finance and Director of Corporate Governance	Weng, Wei-Chun	-	-	-	-
Cheif Information Officer	Weng, Wei-Chieh	-	-	-	-
Corporate Director	Po Chang Investment Co.,Ltd.	101,914	-	-	-
Corporate Director	Holding International Co., Ltd.	199,967	-	-	-

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below.

Note 3: Share distribution from earnings capitalization in 2023.

(2). Information on Transfers of Shareholding

Name (Note 1)	Reason for transfer (Note 2)	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, managerial officers, and major shareholders	No. of shares	Transaction price
None						

Note 1: Fill in the names of the directors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2: Specify whether the shares are acquired or disposed of.

(3). Information on Pledges of Shareholding

Name (Note 1)	Reason for change in pledge status (Note 2)	Date of change	Counter party	Relationship between the counterparty and the Company, directors, managerial officers, and major shareholders	No. of shares	Shareholding ratio	Pledge ratio	Amount borrowed under pledges (or redeemed)
None								

Note 1: Fill in the names of the directors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2: Specify whether it is a pledge or redemption.

8. Relationship information, if among the company’s 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Unit: Shares; %

Name (Note 1)	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name of entity or individual	Relationship	
Holding International Co., Ltd.	7,010,529	8.23%							
Chairman: Hung, Hsueh-Chu	239,000	0.28%							
Weng, Mao-Chung	5,578,717	6.55%	92,302	0.11%					
Juicy Investment Co., Ltd.	5,239,402	6.15%							
Chairman: Hung, Hsueh-Chu	239,000	0.28%							
Po Chang Investment Co.,Ltd.	3,572,968	4.19%							
Chairman: Weng, Shu-Yu	0	0%							
Zheyuan Investment Co., Ltd.	2,171,004	2.55%							
Chairman: Chiang, Chi	214,107	0.25%							
HSBC Taiwan Commercial Bank Limited entrusted to custody the proprietary trading platform of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. - Securities Trading Unit's Triparty SBL Investment Account	1,699,000	1.99%							
Witty Mate Corp.	1,377,535	1.62%							
Chairman: Li, Chinag-Chan	0	0%							
Weng, Mao-Chin	1,374,995	1.61%	92302	0.11%					
Citibank custodies the Barclays Capital SBL/PB Investment Account	1,309,778	1.54%							
Zhuo, Chia-Cheng	1,200,000	1.41%							

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

Unit: Shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD.	1,000,000	1.15%	49,540,731	57.03%	50,540,731	58.18%
I-GENE INTERNATIONAL CO., LTD.	2,382,350	79.41%	419,120	13.97%	2,801,470	93.38%
I-YU INVESTMENT CO., LTD.	11,738,588	57.31%	8,740,869	42.67%	20,479,457	99.99%
JETEX INVESTMENT CO., LTD.	41,456,745	97.47%	734,058	1.73%	42,190,803	99.20%
MENG HUI CONSTRUCTION CO., LTD.	2,365,254	11.83%	7,126,225	35.64%	9,491,479	47.47%
CHADTEX INDUSTRIAL CO., LTD.	6,505,637	33.56%			6,505,637	33.56%
E-PLUS TECHNOLOGY CO., LTD.	0	0	1,000,000	100%	1,000,000	100%
CHIA HSING INVESTMENT CO., LTD.	0	0	49,796,000	99.99%	49,796,000	99.99%
Chia Her International Co.,Ltd	50,000	100%			50,000	100%

Note: It refers to the Company’s long-term investments as of March 31, 2024.

Note: It refers to the Company’s long-term investments accounted for using the equity method.

Four. Information on Capital Raising Activities

1. Capital and shares

(1). Source of capital stock:

Month/ year	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares (shares)	Amount (thousands of NTD)	No. of shares (shares)	Amount (thousands of NTD)	Source of capital	Capital paid in by assets other than cash	Other
Dec. 1972	10,000	200	2,000	200	2,000	Cash	None	None
Jun. 1973	10,000	4,000	40,000	4,000	40,000	Cash	None	None
Oct. 1974	10,000	6,000	60,000	6,000	60,000	Cash	None	None
Dec. 1977	10,000	9,000	90,000	9,000	90,000	Cash	None	None
Apr. 1978	1,000	126,000	126,000	126,000	126,000	Cash	None	None
Feb. 1979	1,000	190,000	190,000	190,000	190,000	Cash	None	None
Nov. 1980	1,000	201,000	201,000	201,000	201,000	Note 1	None	None
May. 1981	10	32,300,000	323,000	32,300,000	323,000	Cash	None	None
Oct. 1982	10	48,450,000	484,500	48,450,000	484,500	Cash	None	None
Dec. 1983	10	72,675,000	726,750	72,675,000	726,750	Cash	None	None
Sep. 1991	10	200,000,000	2,000,000	136,000,000	1,360,000	Note 2	None	None
Oct. 1992	10	200,000,000	2,000,000	180,200,000	1,802,000	Note 3	None	None
Oct. 1993	10	300,000,000	3,000,000	246,240,000	2,462,400	Note 4	None	None
Aug. 1994	10	400,000,000	4,000,000	346,800,000	3,468,000	Note 5	None	None
Aug. 1995	10	400,000,000	4,000,000	378,480,000	3,784,800	Note 6	None	None
Aug. 1996	10	450,000,000	4,500,000	413,328,000	4,133,280	Note 7	None	None
Aug. 1997	10	456,000,000	4,560,000	451,660,800	4,516,608	Note 8	None	None
Oct. 1998	10	600,000,000	6,000,000	552,260,096	5,522,601	Note 9	None	None
Aug. 1999	10	650,000,000	6,500,000	635,099,111	6,350,991	Note 10	None	None
Jun. 2000	10	700,000,000	7,000,000	635,099,111	6,350,991	Note 11	None	None
Oct. 2003	10	650,000,000	6,500,000	630,283,111	6,302,831	Note 12	None	None
Oct. 2005	10	650,000,000	6,500,000	415,986,853	4,159,869	Note 13	None	None
Dec. 2008	10	650,000,000	6,500,000	249,592,112	2,495,921	Note 14	None	None
Dec. 2009	10	650,000,000	6,500,000	187,194,084	1,871,940	Note 15	None	None
Aug. 2013	10	650,000,000	6,500,000	276,294,084	2,762,940	Note 16	None	None
Mar. 2014	10	650,000,000	6,500,000	306,294,084	3,062,940	Note 17	None	None
May. 2014	10	650,000,000	6,500,000	337,194,084	3,371,940	Note 18	None	None
Aug. 2014	10	650,000,000	6,500,000	120,000,000	1,200,000	Note 19	None	None
May. 2020	10	700,000,000	7,000,000	180,030,030	1,800,300	Note 20	None	None
Oct. 2020	10	700,000,000	7,000,000	82,000,000	820,000	Note 21	None	None
Feb. 2021	10	700,000,000	7,000,000	87,812,500	878,125	Note 22	None	None
Apr. 2021	10	700,000,000	7,000,000	88,082,500	880,825	Note 23	None	None
Dec. 2021	10	700,000,000	7,000,000	112,213,163	1,122,131	Note 24	None	None
Apr. 2022	10	700,000,000	7,000,000	113,340,263	1,133,402	Note 25	None	None
Jul. 2022	10	700,000,000	7,000,000	113,458,763	1,134,587	Note 26	None	None
Sep. 2022	10	700,000,000	7,000,000	116,676,265	1,166,762	Note 27	None	None
Oct. 2022	10	700,000,000	7,000,000	80,186,265	801,862	Note 28	None	None
Nov. 2022	10	700,000,000	7,000,000	80,668,965	806,689	Note 28	None	None
Apr.2023	10	700,000,000	7,000,000	80,761,265	807,612	Note 29	None	None
Jul 2023	10	700,000,000	7,000,000	80,871,265	808,712	Note 30	None	None
Dec. 2023	10	700,000,000	7,000,000	84,951,403	849,514	Note 31	None	None
Apr. 2024	10	700,000,000	7,000,000	85,210,103	852,101	Note32	None	None

Note 1: The Company merged Chin Chin Ltd. and established Daying Factory, increasing capital by NT$11,000 thousand.

Note 2: In 1991, 26,987,500 new shares were issued for cash capital increase and 36,337,500 new shares were issued for capital increase out of earnings, which had been approved per Letter Ref. No. (80)-Taiwan-Finance-Securities-(I)-02322 of the Securities and Exchange Commission of the Ministry of Finance.

Note 3: In 1992, 17,000,000 new shares were issued for cash capital increase and 27,200,000 new shares were issued for capital increase out of earnings, which had been approved per Letter Ref. No. (81)-Taiwan-Finance-Securities-(I)-01955 of the Securities and Exchange Commission of the Ministry of Finance.

Note 4: In 1993, 30,000,000 registered Class A preferred shares were issued for cash capital increase, 25,228,000 new shares were issued for capital increase out of earnings, and 10,812,000 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (82)-Taiwan-Finance-Securities-(I)-01715 of the Securities and Exchange Commission of the Ministry of Finance.

Note 5: In 1994, 45,000,000 ordinary shares were issued for cash capital increase, 32,436,000 new shares were issued for capital increase out of earnings, and 23,124,000 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (83)-Taiwan-Finance-Securities-(I)-35133 of the Securities and Exchange Commission of the Ministry of Finance.

Note 6: In 1995, 6,336,000 new shares were issued for capital increase out of earnings and 25,344,000 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (84)-Taiwan-Finance-Securities-(I)-38705 of the Securities and Exchange Commission of the Ministry of Finance.

Note 7: In 1996, 17,424,000 new shares were issued for capital increase out of earnings and 17,424,000 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (85)-Taiwan-Finance-Securities-(I)-40904 of the Securities and Exchange Commission of the Ministry of Finance.

Note 8: In 1997, 22,999,680 new shares were issued for capital increase out of earnings and 15,333,120 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (86)-Taiwan-Finance-Securities-(I)-49199 of the Securities and Exchange Commission of the Ministry of Finance.

Note 9: In 1998, 50,000,000 ordinary shares were issued for cash capital increase, 46,382,688 new shares were issued for capital increase out of earnings, and 4,216,608 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (87)-Taiwan-Finance-Securities-(I)-59008 of the Securities and Exchange Commission of the Ministry of Finance.

Note 10: In 1999, 49,703,409 new shares were issued for capital increase out of earnings and 33,135,606 new shares were issued for capital increase out of capital reserve, which had been approved per Letter Ref. No. (88)-Taiwan-Finance-Securities-(I)-56384 of the Securities and Futures Institute of the Ministry of Finance.

Note 11: In 2000, the Company originally planned to issue 31,754,955 new shares for capital increase out of capital reserve, which, however, was suspended after the board of directors evaluated the international economic situation and market factors and would be resumed at an appropriate time.

Note 12: In 2003, 4,816,000 shares of treasury shares were canceled and the capital were decreased per 9 October 2003 Letter No. Economic-Authorization-Business-09201288200 of the Ministry of Economic Affairs.

Note 13: In 2005, the capital was decreased by NT$2,142,962,580; 214,296,258 issued ordinary shares were canceled to cover losses, which had been approved per 31 August 2005 Letter No. Finance-Supervisory-Securities-I-0940128789 of the Financial Supervisory Commission, Executive Yuan and approved for registration per 13 October 2005 Letter No. Economic-Authorization-Business-09401203720 of the Ministry of Economic Affairs.

Note 14: In 2008, the capital was decreased by NT$1,663,947,410; 166,394,741 issued ordinary shares were canceled to cover losses, which had been approved per 1 December 2008 Letter No. Finance-Supervisory-Securities-I-0970063343 of the Financial Supervisory Commission, Executive Yuan. Paid-in capital totaled NT$2,495,921,000 after capital reduction.

Note 15: In 2009, the capital was decreased by NT$623,980,280; 62,398,028 issued ordinary shares were canceled to cover losses, which had been approved per 11 September 2009 Letter No. Finance-Supervisory-Securities-Issuance-0980044846 of the Financial Supervisory Commission, Executive Yuan. Paid-in capital totaled NT$1,871,940,000 after capital reduction.

Note 16: In 2013, NT$891,000,000 capital was raised by the 1st private placement per 15 August 2013 Letter No. Economic-Authorization-Business-10201167610 of the Ministry of Economic Affairs; paid-in capital totaled NT$2,762,940,840 after capital increase by private placement.

Note 17: In 2013, NT$300,000,000 of capital was raised by the 2nd private placement per 7 March 2014 Letter No. Economic-Authorization-Business-10301038990 of the Ministry of Economic Affairs; paid-in capital totaled NT$3,062,940,840 after capital increase by private placement.

Note 18: In 2013, NT$309,000,000 of capital was raised by the 3rd private placement per 29 May 2014 Letter No. Economic-Authorization-Business-10301098890 of the Ministry of Economic Affairs; paid-in capital totaled NT$3,371,940,840 after capital increase by private placement.

Note 19: In 2014, the capital was reduced by NT$2,171,940,840, 120,579,084 issued ordinary shares and 96,615,000 ordinary shares through private placement were canceled to cover losses, which had been approved per 13 August 2014 Letter No. Finance-Supervisory-Securities-Issuance-1030028485 of the Financial Supervisory Commission; paid-in capital totaled NT$1,200,000,000 after capital reduction.

Note 20: The 1st series of private placement domestic unsecured convertible corporate bonds of NT$100,000,000 in 2016 matured on March 1, 2020 and converted into share capital; paid-in capital increased to NT$1,500,300,300 after conversion.

Conducted the issuance of 30,000,000 new shares for cash capital increase in 2020, with a par value of NT$10 per share and a total issuance amount of NT$300,000,000, which had been filed for effective registration on record per 7 February 2020 Letter No. Finance-Supervisory-Securities-Issuance-1080342217 of the Financial Supervisory Commission. Fund raising was completed on March 24, 2020 and new shares were listed on the TWSE on March 27, which had been approved per 7 May 2020 Letter No. Economic-Authorization-Business-10901057160 of the Ministry of Economic Affairs; paid-in capital totaled NT$1,800,300,300 after cash capital increase.

Note 21: The capital reduction was conducted in 2020, in which capital was reduced by NT$980,300,300 and 52,608,842 issued ordinary shares and 45,421,188 ordinary shares through private placement were canceled to cover losses, which had been approved per 28 August 2020 Letter No. Finance-Supervisory-Securities-Issuance-1090353605 of the Financial Supervisory Commission and 13 October 2020 Letter No. Economic-Authorization-Business-10901189950 of the Ministry of Economic Affairs; paid-in capital totaled NT$820,000,000 after capital reduction.

Note 22: On November 30, 2020, it had been 2 full years since the issuance of employee share subscription warrants. According to the regulations governing the issuance of employee share subscription warrants, share subscription warrants can be exercised after 2 full years since the issuance of employee share subscription warrants. As of December 31, 2020, a total of 5,812,500 ordinary shares were issued on exercise of employee share subscription warrants, which had been approved per 22 February 2021 Letter No. Economic-Authorization-Business-11001026270 of the Ministry of Economic Affairs; paid-in capital totaled NT$878,125,000.

Note 23: As a consequence of exercise of employee share subscription warrants, a total of 270,000 ordinary shares were issued in the first quarter of 2021, which had been approved per 21 April 2021 Letter No. Economic-Authorization-Business-11001069950 of the Ministry of Economic Affairs; paid-in capital totaled NT$880,825,000.

Note 24: As a consequence of exercise of employee share subscription warrants, a total of 107,000 ordinary shares were issued in the second and third quarters of 2021. The 1st series private placement domestic unsecured convertible corporate bonds of NT$203,000,000 issued in 2018 matured on November 23, 2021 and converted into share capital, which had been approved per 23 December 2021 Letter No. Economic-Authorization-Business-11001230800 of the Ministry of Economic Affairs; paid-in capital totaled NT$1,122,131,630.

Note 25: As a consequence of the exercise of employee share subscription warrants, a total of 1,127,100 ordinary shares were issued in the fourth quarter of 2021, which had been approved per 14 April 2022 Letter No. Economic-Authorization-Business-11101058380 of the Ministry of Economic Affairs; paid-in capital totaled NT$1,133,402,630.

Note 26: As a consequence of the exercising of employee share subscription warrants, a total of 118,500 ordinary shares were issued in the first quarter of 2022, which had been approved as per Letter No. Economic-Authorization-Business-11101133830 of the Ministry of Economic Affairs dated July 19, 2022; paid-in capital totaled NT$ 1,134,587,630.

Note 27: The second series private placement domestic unsecured convertible corporate bonds of NT$25,000,000issued in 2018 matured on July 23, 2022 and converted into share capital of 3,217,502 shares, which had been approved as per Letter No. Economic-Authorization-Business-11101179410 of the Ministry of Economic Affairs dated September 14, 2022; paid-in capital totaled NT$1,166,762,650.

Note 28: Reduced capital in 2022 by NT$364,900,000 and 16,172,089 issued ordinary shares and 20,317,911 ordinary shares issued through private placement were canceled to cover losses, which had been approved per 29 August 2022 Letter No. Finance-Supervisory-Securities-I-1111804227 of the Financial Supervisory Commission and 14 October 2022 Letter No. Economic-Authorization-Business-11101193150 of the Ministry of Economic Affairs.

As a consequence of the exercising of employee share subscription warrants, a total of 482,700 ordinary shares were issued in the third quarter of 2022, which had been approved as per Letter No. Economic-Authorization-Business-11101205840 of the Ministry of Economic Affairs dated November 1, 2022; paid-in capital totaled NT$806,689,650.

Note 29: As a consequence of exercising of employee share subscription warrants, a total of 92,300 ordinary shares were issued in the fourth quarter of 2022, which had been approved as per Letter No. Economic-Authorization-Business-11230064200 of the Ministry of Economic Affairs dated April 19, 2023; paid-in capital totaled NT$807,612,650.

Note 30: Exercise of employee stock warrants, with 110,000 shares converted to common shares in the first and second quarters of 2023, as approved by the Ministry of Economic Affairs, R.O.C., on July 20, 2023, under Letter No. Economic-Authorization-Business-11230132570, resulting in an increased paid-in capital of NT$ 808,712,650.

Note 31: Exercise of employee stock warrants, with 1,657,000 shares converted to common stock in the third quarter of 2023. Distribution of stock dividends for 2022 amounted to 2,423,138 shares, as approved by the Ministry of Economic Affairs on December 4, 2023, under Letter No. Economic-Authorization-Business-11230219440, resulting in an increased paid-in capital of NT$849,514,030.

Note 32: Exercise of employee stock warrants resulted in the conversion of 258,700 shares to common stock in the fourth quarter of 2023. This conversion was approved by the Ministry of Economic Affairs on April 19, 2024, under Letter No. Economic-Authorization-Business-11330053550, resulting in an increased paid-in capital of NT$852,101,030

.(In shares)

Type of stock	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary share	85,210,103	614,789,897	700,000,000	Listed stocks

Information Relating to the Shelf Registration System

Type of securities	Amount to be issue		Amount already issued		The purpose and anticipated benefits of the portion already issued	Scheduled issuance period for the unissued portions	Remarks
	Total no. of shares	Amount approved (NT$)	No. of shares	Price			
None							

(2). Shareholder composition:

April 27, 2024

Shareholder / Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	0	182	27,372	25	27,579
No. of shares held	0	0	21,638,222	56,829,653	6,742,228	85,210,103
Shareholding ratio	0%	0%	25.39%	66.70%	7.91%	100.00%

Note 1: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. “Mainland Chinese investors” means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

Note 2: Difference existed between the number of shares and the authorized capital, because in the first and second quarter of 2023, the employees subscribed to 110,000 shares, and the base date of capital increase was not determined.

(3). Distribution of Shareholding:

Ordinary share

Par value of NT$10 per share

April 27, 2024

Range of no. of shares held	No. of shareholders	No. of shares held	Shareholding ratio
1 to 999	23,265	1,264,996	1.48%
1,000 to 5,000	2,972	6,595,935	7.74%
5,001 to 10,000	568	4,470,948	5.28%
10,001 to 15,000	212	2,699,438	3.17%
15,001 to 20,000	119	2,192,565	2.57%
20,001 to 30,000	139	3,575,876	4.20%
30,001 to 40,000	64	2,256,973	2.65%
40,001 to 50,000	44	2,044,327	2.40%
50,001 to 100,000	102	7,253,675	8.51%
100,001 to 200,000	51	6,953,995	8.16%
200,001 to 400,000	19	5,442,819	6.39%
400,001 to 600,000	6	3,035,265	3.56%
600,001 to 800,000	4	2,589,996	3.04%
800,001 to 1,000,000	1	875,530	1.03%
Add additional ranges above 1,000,001 if necessary, based on actual circumstances	13	33,957,765	39.85%
Total	27,579	85,210,103	100.00 %

Preferred shares

April 28, 2023

Range of no. of shares held	No. of shareholders	No. of shares held	Shareholding ratio
None	-	-	-

(4). List of Major Shareholders:

April 27, 2024

Shares / Names of major shareholders (Note)	No. of shares held	Shareholding ratio
Holding International Corp.	7,010,529	8.23%
Weng, Mao-Chung	5,578,717	6.55%
JUICY INVESTMENT CO., LTD.	5,239,402	6.15%
Po Chang Investment Co.,Ltd.	3,572,968	4.19%
Zheyuan Investment Co., Ltd.	2,171,004	2.55%
HSBC Taiwan Commercial Bank Limited	1,699,000	1.99%
Witty Mate Corp.	1,377,535	1.62%
Weng, Mao-Chin	1,374,995	1.61%
Citibank custodies the Barclays Capital	1,309,778	1.54%
Zhuo, Chia-Cheng	1,200,000	1.41%
Total shares of TOP10 shareholders	30,533,928	35.84%

Note: Major shareholders refers to shareholders with a stake of 5 percent or greater or shareholders who rank in the top 10 in shareholding percentage.

(5). Market Price, Net Worth, Earnings, and Dividends per Share:

Item		Fiscal year	2022	2023	Up to March 31, 2024 of the current fiscal year (Note 8)
Market price per share (Note 1)	Highest		18.10	25.45	22.85
	Lowest		8.88	13.55	18.60
	Average		12.84	17.74	20.38
Net worth per share (Note 2)	Before distribution		19.12	19.36	19.23
	After distribution		19.12	19.36	19.23
Earnings per share	Weighted average shares (in thousands of shares)		78,599	84,002	85,210
	Earnings per share		1.09	0.61	0.52
Dividends per share	Cash dividends		—	0.036	—
	Stock dividends	Dividends from retained earnings	0.3	—	—
		Dividends from capital reserve	—	0.324	—
	Accumulated undistributed dividends (Note 4)		—	—	—
Return on investment analysis	Price/earnings ratio (Note 5)		—	—	—
	Price/dividend ratio (Note 6)		—	—	—
	Cash dividend yield (Note 7)		—	—	—

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders' meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price / earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

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

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(6). Company's dividend policy and implementation thereof:

1. The dividend policy:

   Article 27-1 of the Company's Articles of Incorporation stipulates as follows:

   If the Company generates profits at the end of the fiscal year, apart from setting aside provisions for income tax, it shall first offset any accumulated losses from previous years. Subsequently, 10% of the remaining balance shall be allocated to the statutory surplus reserve, unless the legal capita; surplus reserve has already reached the amount of the Company's paid-in capital, in which case this requirement does not apply. Additionally, allocations or reversals to special reserves shall be made in accordance with laws or regulations stipulated by regulatory authorities. If there are still profits remaining after these allocations, the Board of Directors shall prepare a resolution for distribution. When carried out through the issuance of new shares, such distribution shall be subject to resolution by the shareholders' meeting prior to distribution. If conducted through cash distribution, the Board of Directors may be authorized to do so by a majority vote of over two-thirds of the directors present, provided that the majority of attending directors consent. Following this, a report shall be submitted to the shareholders' meeting.

   The distribution of dividends by the Company should take into account the characteristics of changes in the industry's business cycle, considering the future capital requirements and tax implications of various product life cycles. Dividends should be distributed with the aim of maintaining dividend stability. The distribution of dividends shall not be less than 30% of the distributable profits for the current fiscal year, with the cash dividend portion not less than 10% of the shareholder dividends for the current year.

2. The dividend distributions proposed at the most recent shareholders' meeting:

   On April 22, 2024, the Board of Directors resolved to distribute cash dividends from the capital surplus and stock dividends. The proposed dividend per share is NT$0.036 in cash and NT$0.324 in stock. The Chairman is authorized to set the ex-dividend date after the Annual Shareholders' Meeting for the distribution.

(7). Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

(8). Profit-sharing compensation of employees and directors:

1. The percentages or ranges with respect to employee and director profit-sharing compensation, as set forth in the company's articles of incorporation:

   If the Company makes profit at the fiscal year end, it shall appropriate 4% of the profit for employees' compensation and no more than 4% for remuneration to directors. However, if the Company still has accumulated losses, it shall set aside the amount to cover losses first.

2. The basis for estimating the amount of employee and director remuneration in the current period, calculation based on the number of shares distributed to employees as remuneration, and accounting in case of difference between actualdistributionamount and estimate:

   The employees' compensation and directors' remuneration for the year ended December 31, 2023 is calculated based on the profit before tax before deducting the employees' compensation and directors' remuneration. Employees' compensation of 4% totaling NT$4,759,510 and directors' remuneration of 4% totaling NT$4,759,510 are provisioned. If the actual distribution amount for the subsequent year differs from the estimated provision, the variance will be adjusted according to accounting estimation changes, and the difference will be recognized as part of the subsequent year's profit and loss.

3. Information on any approval by the board of directors of distribution of profit-sharing compensation in 2023:

   An amount of NT$ 4,759,510 was distributed to employees and directors as their remuneration in 2023 as resolved by the Board of Directors on March 14, 2024. The aforementioned amount is fully distributed in cash.

4. The actual distribution of employee and director profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated: No such situation.

(9). Status of a company repurchasing its own shares: None.

2. Corporate bonds: None.

3. Preferred shares: None.

4. Global depository receipts: None.

5. Employee share subscription warrants:

(1). Unexpired employee subscription warrants

March 31, 2024

Type of employee share subscription warrants	The 1st (Issue no.) of employee share subscription warrants
Effective registration date	December 6, 2017
Issue (handling) date	November 30, 2018
Duration	6 years
Number of units issued	18,000,000 shares
Ratio of the number of issued subscribable shares to the total number of issued shares	15%
Vesting period	Warrants can be exercised after 2 years from the date when employee share subscription warrants are granted.
Exercise method	Delivery of issuance of new shares
Vesting period and percentage (%)	Period / Proportion of the warrants that can be exercised (accumulative) 2 years after grant date: 50% 3 years after grant date: 80% 4 years after grant date: 100%
Number of shares subscribed through exercise of the warrants	10,035,800 shares
Amount of the shares subscribed through exercise of the warrants (NT$)	NT$118,250,715
Number of unexercised shares	6,822,800 shares
Subscription price per share of the unexercised shares (Note 4)	NT$15.44
Ratio of the number of unexercised shares to the total number of issued shares (%) (Note 4)	8.03%
The effect on shareholders' equity	The Company issues employee share subscription warrants to attract and retain professionals required by the company, and to motivate employees and enhance their solidarity, so as to create together the interests of the company's shareholders.

Note 1: In March 2020, due to cash capital increase, the conversion price was adjusted from NT$5.02 to NT$4.90 according to the company's regulations governing the issuance and subscription of employee share subscription warrants in 2017, and material information was published on the Market Observation Post System (MOPS) on April 20, 2020.

Note 2: In 2020, due to capital decrease with a ratio of capital reduction of 54.45204336% (a reduction of 544.5204336 shares per thousand shares), the conversion price was adjusted from NT$4.90 to NT$10.76 according to the company's regulations governing the issuance and subscription of employee share subscription warrants in 2017, and material information was published on the Market Observation Post System (MOPS) on September 22, 2020.

Note 3: In 2022, due to capital decrease with a ratio of 31.14571727% (a reduction of 311.4571727 shares per thousand shares), the conversion price was adjusted from NT$10.76 to NT$15.63 according to the Company’s regulations governing the issuance and subscription of employee share subscription warrants in 2017, and material information was published on the Market Observation Post System (MOPS) on September 20, 2022.

Note 4: In 2023, due to the capitalization of earnings, the conversion price for employee stock options was adjusted from NT$15.63 to NT$15.44, in accordance with the Company's Procedures for Employee Stock Warrants Issuance and Subscription established in 2017. This adjustment was announced on the Market Observation Post System on November 6, 2023.

(2). Names and acquisition and subscription status of managerial officers who have acquired employee share subscription warrants and the top ten employees (ranked by the number of subscribable shares) who have acquired share subscription warrants

Unit (thousand shares); NT$ thousand March 31, 2024

	Job title	Name	Number of shares subscribable from exercise of warrants granted	Ratio of the number of shares subscribable from the exercise of warrants granted to the total number of issued shares	Exercised				Unexercised			
					Number of shares (Including resigned personnel)	Exercise price (NT$/share)	Total exercise price	Ratio of the number of exercised shares to the total number of issued shares	Number of shares	Exercise price (NT$/ share) (Note 4)	Total exercise price	Ratio of the number of exercised shares to the total number of issued shares
Managerial officers	Chairman	Weng, Wei-Hsiang	2,950	3.47%	475	10.76 15.63	5,598	0.56%	2,475	15.44	38,214	2.91%
	Counsel	Weng, Mao-Chin										
	Special Assistant	Huang, Chung-Hai										
Employee	Assistant	Weng, Wei-Chun	5,200	6.12%	2,900	10.76 15.63 15.44	37,170	3.41%	2,300	15.44	35,512	2.71%
	Specialist	Weng, Wei-Feng										
	Manager	Weng, Jung-Chuan										
	Manager	Weng, Chuan-Hui										
	Manager	Yang, Tung-Lin										
	Vice General Mananger	Wu, Hsiu-Yueh										
	Assistant	Li, Shu-Ju										
	Specialist	Cheng, Li-Ting										

Note 1: In 2020, due to cash capital increase, the conversion price was adjusted from NT$5.02 to NT$4.90 according to the Company’s regulations governing the issuance and subscription of employee share subscription warrants in 2017, and material information was published on the Market Observation Post System (MOPS) on April 20, 2020.

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6. New restricted employee shares: None.

7. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:

   (1). If, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

   (2). Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

8. Implementation of the Company’s capital allocation plans: None.

Five. Overview of Operations

1. Description of the business

(1). Scope of business

1. Major lines of business
   (1) C305010 Printing, Dyeing, and Finishing
   (2) C302010 Weaving of Textiles
   (3) F301020 Supermarkets
   (4) F401010 International Trade
   (5) H701010 Housing and Building Development and Rental
   (6) H701020 Industrial Factory Development and Rental
   (7) H701040 Specific Area Development
   (8) H701050 Investment, Development and Construction in Public Construction
   (9) H701060 New Towns, New Community Development
   (10) H703090 Real Estate Business
   (11) F301010 Department Stores
   (12) F501010 Restaurants
   (13) J101990 Other Environmental Sanitation and Pollution Prevention Service
   (14) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

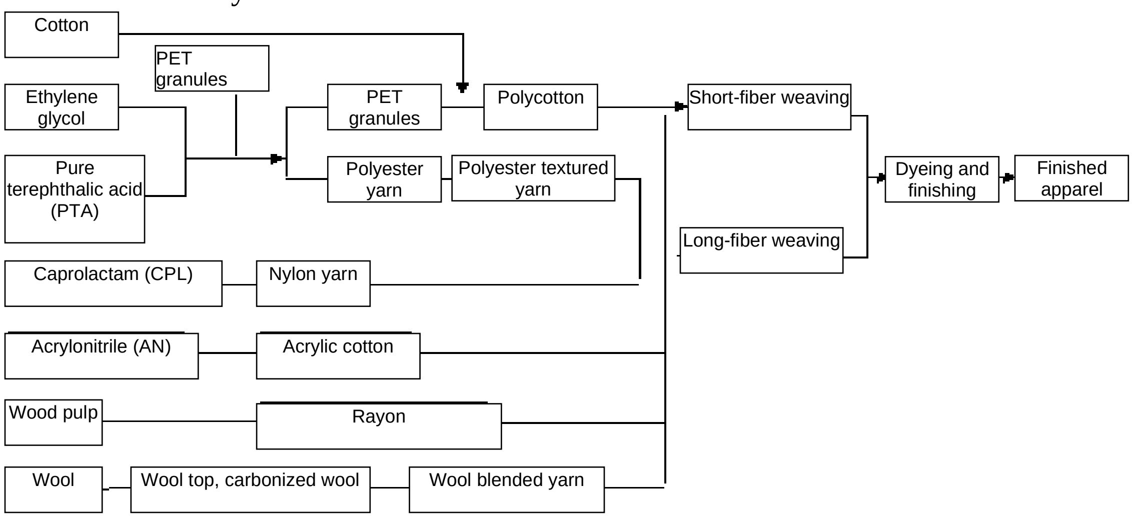
2. Main products and the relative weight of each

(In thousands of New Taiwanese Dollars)

Product	2023	
	Net Revenue	Ratio (%)
Dyed and Filament Buisness	1,807,986	68.05
Yarn Spinning Buisness	248,981	9.37
Construction Business	529,456	19.93
Other	70,329	2.65
Total	2,656,752	100

(2). An overview of the industry

1. Textile industry structure chart



2. The current status of the industry and future development trends and competition

For raw materials used in the upstream segment of the textile industry supply chain, although the oil price has fallen, the cost of chemical fiber raw materials hasn't yet reacted to it much, and the cost of fabric used in weaving and dyeing/finishing plants in the upstream segment declines not enough. As for the future market demand of the downstream segments, basic products will be mainly made from finishing, including functional products such as anti-wrinkle, moisture absorbing and sweat wicking, warmth keeping, anti-fouling fabrics, etc. and textiles after finishing such as embossing, laminating, and printing applications.

Although the U.S. economy is gradually turning around, many factors in the international economy are still left unaddressed. On top of that, with the advantages of industrial cluster and low labor costs, China's position as a "global production base" has become more un-doubtful, and its siphon effect has affected global supply and demand: not only are the majority of foreign buyers flocking to China to search for fabrics, but South Korea, Turkey, and other textile exporting countries are also under strong crowding-out effect from China, showing that the textile industry in Taiwan is faced with an unprecedented severe environment. The US-China trade war will likely move the clothing supply chain towards nearshoring, namely the trend of supply chains returning from other countries outsourced to neighboring countries nearby. Due to the trend of the times (fast-changing fashion trends requiring a rapid turnover of production, accelerating industrial automation, lack of labor, and concerns over sustainable operation), coupled with the impact of rising wages and tariff policies, making "nearshoring" more promising than carrying out garment production in Asian countries. The Trump administration had increased taxes by 10% on imports of a large number of products from China and would raise tariffs to 25% in 2019. These factors will affect economic conditions of each country, so the Company would have to prepare in advance and, as the U.S. government's election ended, response to changes in the future Sino-U.S. relations and international situation as well as the impact of the pandemic.

3. The links between the upstream, midstream, and downstream segments of the textile industry supply chain

The textile industry belongs to the people's livelihood industry, with the wool cotton spinning polyester industry as its upstream segment and raw materials coming from the products of the petrochemical industry. The midstream segment includes natural and man-made fibers manufacturing industry and spinning, weaving and dyeing/finishing industry. As for the downstream segment, there are manufacturing industries of vehicle fabrics, clothing, home & furniture, and other filament/spun textiles.

(3). An overview of the company's technologies and its research and development work

Under the pressure of rapidly changing markets and strong competition among peer companies, product research and development should be even conducted without delay.

Apart from possessing more than 30 years of professional knowledge, the Company put considerable effort into the R&D work, with the following concreate results for the past one year:

1. JACQUARD +elasticity, SORONA, delicate SEE-THROUGH + LUREX, ORGANIC COTTON, eco-friendly material RECYCLE POLYESTER, GREENCELL, INGEO.
2. BAMBOO CHARCOAL, COTTON / SILK, COTTON / CASHMERE.

3. Functional processing, Yi-Chu-type metal yarns, profiled fiber cross-section + WICKING, Carapace element textile fiber.
4. COTTONY low-fiber interwoven eco-friendly material Recycle polyester, PLA., Organic Cotton, Bamboo, Tencel
5. Functional Bamboo Charcoal, Coolmax Fresh FX, 3D Mode, delicate Silk Touch different shrinkage compound, Power Shield Stretch, Cotton Blends interweave
6. Care Free XLA elasticity, Outdoor checkered Shirt, Outdoor Down Proof, home & furniture Sofa -Velvet like, Chenille, Cotton, Curtains – 3m Black Out flame retardant series products

The Company's research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report are as follows:

Expressed in thousands of NTD

Expenditure category \ year	Fiscal year 2023	As of March 31, 2024
Amount	75,524	19,092

(4). The company's long- and short-term business development plans

1. Short-term: Products are mainly exported to other countries for sale, while domestic sale is mainly depending on relocation of the production base of domestic garment factories and indirect exports of trading companies, in which the Company still has a considerable market share.

   The marketing plan for the yarn dyed fabrics market continues to place emphasis on deep cultivation of end customers, with the collaborative design and development depending on actual needs, plus the integration of the production, marketing, and supply chain, so as to achieve the goal of strategic alliance between production and marketing. Only in this way can the Company effectively keep abreast of the market demand and stay afloat in the increasingly fierce competition.
2. Long-term: The marketing plan for the filament fabrics market still mainly relies on expanding the market share of material fabrics, functional fabrics, and vehicle fabrics, as well as developing other material fields in order to achieve the goal of product and market diversification. For the ready-to-wear, more efforts will be made on women's clothing market, and it will adapt to the development of well-known brand customers in the sports market to achieve the purpose of market diversification. The Company also expects to ramp up the development of idle land for technologically industrial city/high-grade residence plans in order to reduce the debt ratio and operating costs.

2. Analysis of the market as well as the production and marketing situation

(1). Market analysis

1. The geographic areas where the main products of the company are provided

   For finished fabrics, domestic and foreign sales account for 20％ and 80％ respectively. The finished fabrics are mainly exported toHong Kong, East Asia, America, Canada and so on. Domestic and foreign sales occupy 41.7% and 58.3% respectively.

2. The company's market share, demand and supply conditions for the market in the future

Domestic market: Given the economic downturn in the domestic market, the Company has been going through a hard ordeal to expand the market. With sales of jacquard products getting stabilized and product transformation continuing, it expects to expand product lines and market coverage, hence a gradual increase in the market share.

Export market: As the European and the United States economies gently recover, there are larger order requirements. In addition to proactively meeting the demand of European and American consumers and conducting research and development on special dyeing and finishing technology to increase added value to products and generate more revenue, the Company also stresses that deep penetration of direct selling markets of Europe in the end and setting up sales offices are among its important business issues, and makes efforts to develop the Middle East market and seek diverse opportunities to ensure sources of orders and increase market share.

3. The company’s competitive niche, positive and negative factors for future development, and the company’s response to such factors

Negative factors:

(1) Taiwan’s textile companies are attracted to and racing to invest in countries with low labor costs in Southeast Asia, with technology transferred abroad as well. The production capacity of those countries in Southeast Asia is increasingly improved while products are sold at very low prices. As a result, Taiwan’s textile industry will suffer from unfavorable competition in export markets.

(2) Taiwan is an island-based economy that is highly dependent on imports of goods, especially cotton - the main raw material for fabrics. Prices are also subject to changes in international market conditions and currency values.

(3) New brands and novel materials spring up. It goes without saying that big always getting bigger. If a company does not keep up product development with the world trends, it will be knocked out of the contest.

(4) The industry faces issues of aging talent and obsolete equipment and requires to make equipment updates, attract younger generations, and foster talent.

Positive factors:

(1) The Company has one-stop production line throughout spinning, weaving, dyeing, and finishing. Apart from production of commonly used fabrics, its business focuses on multi-layer processing and high value-added fabrics in an attempt to increase operating profits.

(2) As global demand for high-end fabrics is increasingly growing, since the opening of its factory, the Company has constantly scaled up small-volume and large-variety production and high-end products with special functions to enhance market competitiveness for products.

(3) The Company pays close attention to the collection of business information and technical data, leading up to breakthroughs in production bottlenecks to ensure accurate delivery for

a long term. Meanwhile, it fosters consensus among employees through education and training of personnel, and improves management techniques and production standards.

(4) In addition to general finishing, there are also wrinkle resistant finishing, imitation silk finishing, deep-dyed finishing, brushed finishing, fleece finish, embossing finish, etc., thereby increasing added value to products.

(5) The Company has successively introduced jacquard air-jet looms, multi-functional Rapier looms, and large jacquard looms to significantly increase production capacity and even create fabrics with more patterns and effect of fabric surface to cater to market popularity trends.

(6) Marketing channels are all over the world: in addition to its existing markets in Hong Kong, Europe, the U.S., Canada, New Zealand, Australia, and Southeast Asia, the Company is now developing markets in Eastern Europe, Central and South America, and the Middle East. The complete after-sales service and good reputation make the company better than companies of the same industry in developing export markets.

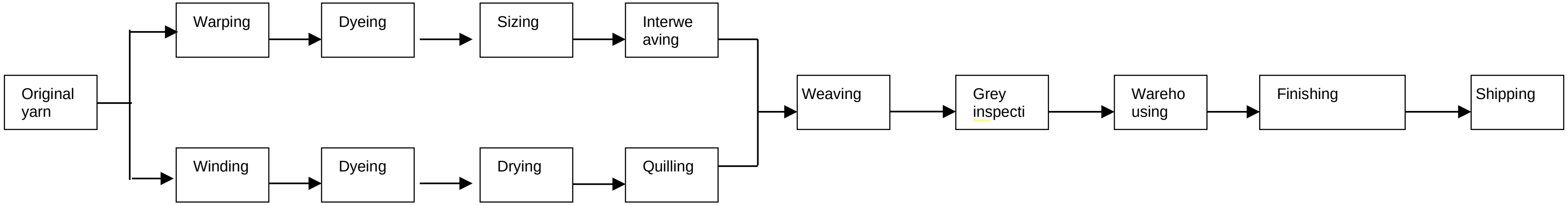
(2). Usage and manufacturing processes for the company's main products

1. Usage for the company's main products

Category		Main products
Yarn dyed fabric		
Check		Men’s and women’s shirts, pajamas, trouser materials
Jacquard		Men’s and women’s shirts, pajamas
Seersucker		Men’s and women’s shirts, pajamas, casual shorts
Fleece fabric		Men’s and women’s shirts, pajamas, jackets
Lycra		Men’s and women’s shirts, suits, culottes
Filament fabric		
SATIN		Pajamas, ceremonial cloth
Brushed fabric		Windbreakers, jackets
Lycra		Suits, culottes
Suede		Shirts, suits, windbreakers, jackets, coats, home & furniture textiles
Sarry yarn		culottes, suits, ceremonial dress
C/N, N/C mixed weave		Shirts, coats
Woolen yarn	Woolen yarn	Grey, Yarn dyed fabrics, cloth
Cotton yarn	Cotton yarn	Grey, Yarn dyed fabrics, cloth
Mask	Mask	Non-woven fabrics, meltblown fabrics

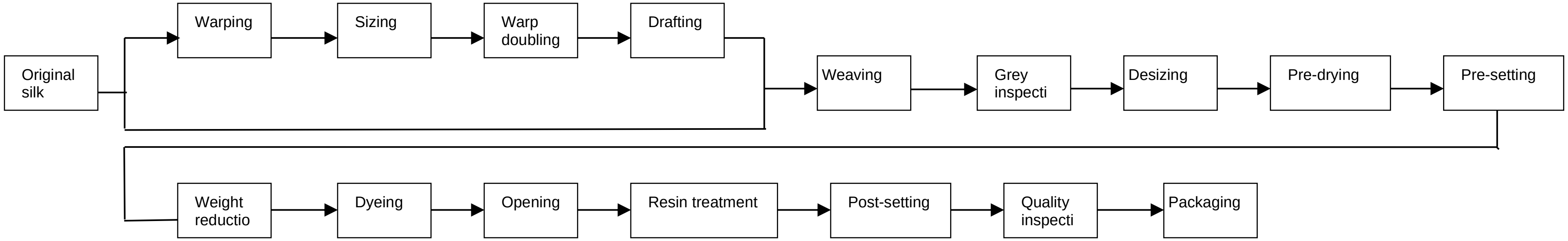
2. Manufacturing processes for the company's main products

(1) Yarn dyed fabric

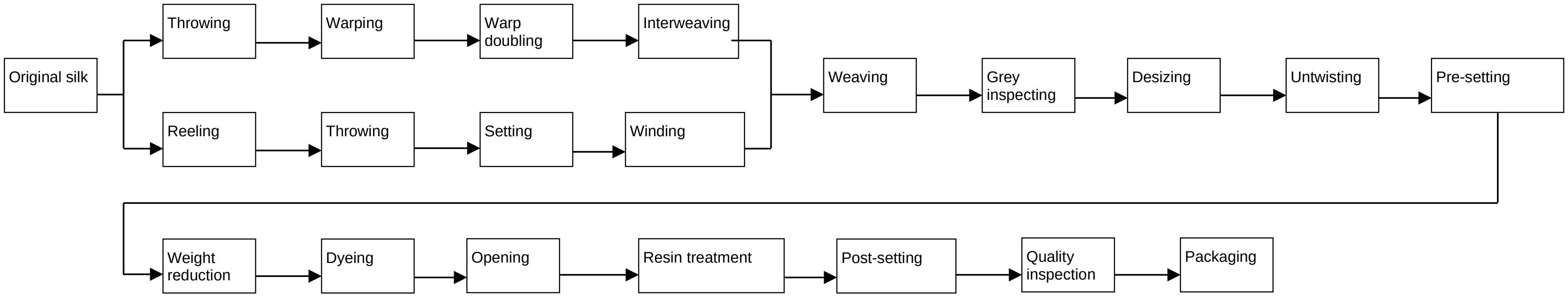


(2) Filament fabric

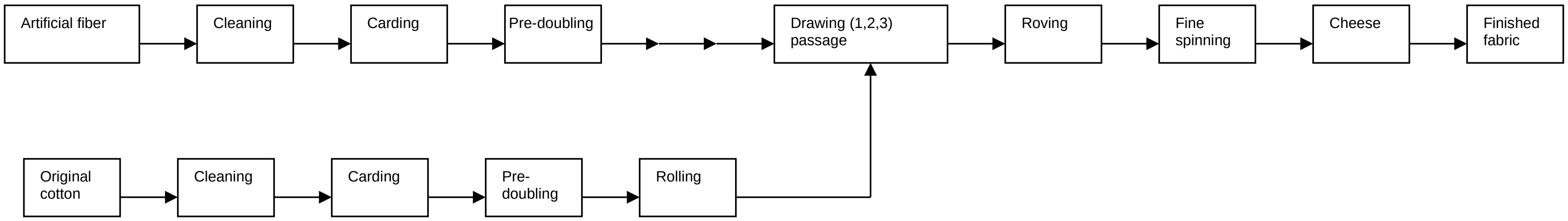
A. Twistless fabric



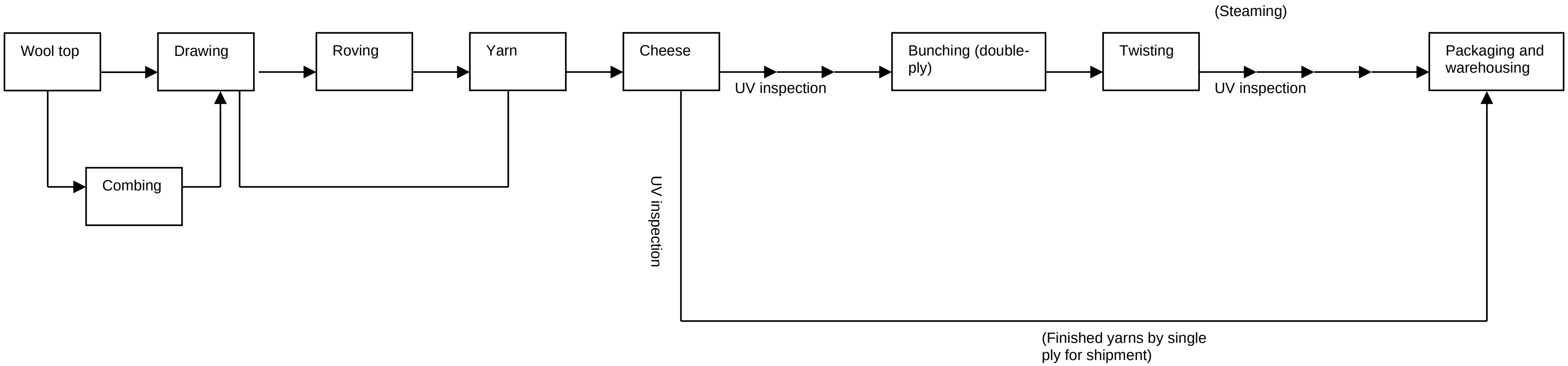
B. Twist fabric



(3) Cotton spinning



(4) Wool spinning



(3). Supply situation for the company's major raw materials

The raw materials of the Company are mainly CSYC 30/70D, SXN 70/72 40D, SFW 75/72, CM 40/1, TNLFC 40/1, SQW 75/36/2, TR 30/2 and CVC 20/1. 90% of them are from domestic manufacturers of raw materials, including Xinguang, Zhao'an, Xinrong, Sanxin and Kunyang. 10% of them are from foreign manufacturers of raw materials, including HOA THO-THANG, BINH SPINNING and BVM OVERSEAS LTD.(SINTEX). There will be no problem with the expected supply of raw materials.

(4). Information on major suppliers and customers for the most recent 2 years

1. Suppliers

Expressed in thousands of NTD

	2022				2023				Up to March of 2024 (Note 2)			
Item	Item	Amount	Percentage of annual net purchases (%)	Relationships	Item	Amount	Percentage of annual net purchases (%)	Relationships	Item	Amount	Percentage of net purchases up to the preceding quarter of the current fiscal year (%)	Relationships
1	Company a	121,059	9.06		Company a	118,993	10.68		Company a	29,286	9.31	
2	Company b	83,890	6.28		Company ai	88,342	7.93		Company ai	27,125	8.62	
3	Company x	60,385	4.52		Company ae	76,750	6.89		Company v	21,282	6.76	
4	Company ai	58,473	4.38		Company b	51,104	4.59		Company ak	20,973	6.67	
5	Company ak	45,529	3.41		Company ak	42,926	3.85		Company ai	13,588	4.32	
6	Company ae	38,531	2.89		Company x	35,578	3.19		Company x	13,030	4.14	
7	Company am	34,146	2.56		Company ac	27,860	2.51		Company i	10,111	3.21	
8	Company v	32,862	2.46		Company al	27,509	2.47		Company ac	9,243	2.94	
9	Company t	32,513	2.43		Company v	26,103	2.34		Company j	8,492	2.70	
10	Company ap	28,188	2.11		Company ap	25,592	2.31		Company ad	7,240	2.30	
	Subtotal	535,576	40.10		Subtotal	520,757	46.76		Subtotal	160,370	50.97	
	Other	799,981	59.90		Other	592,987	53.24		Other	154,270	49.03	
	Net purchases	1,335,557	100.00		Net purchases	1,113,744	100.00		Net purchases	314,640	100.00	

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

2. Customers

Expressed in thousands of NTD

	2022				2023				Up to March of 2024 (Note 2)			
Item	Item	Amount	Percentage of annual net sales (%)	Relationships	Item	Amount	Percentage of annual net sales (%)	Relationships	Item	Amount	Percentage of net sales up to the preceding quarter of the current fiscal year (%)	Relationships
1	Company A	99,084	3.99		Company AD	153,748	5.70		Company AD	98,912	11.12	
2	Company AS	86,539	3.49		Company AX	104,442	3.88		Company AY	35,986	4.04	
3	Company AR	77,991	3.15		Company E	98,321	3.65		Company AZ	28,035	3.15	
4	Company AD	74,252	2.99		Company AB	95,300	3.54		Company AU	27,596	3.10	
5	Company E	73,532	2.97		Company AR	72,795	2.70		Company AR	26,255	2.95	
6	Company AB	63,344	2.56		Company AY	72,487	2.69		Company AB	23,633	2.66	
7	Company N	59,187	2.39		Company A	60,844	2.26		Company AO	22,132	2.49	
8	Company C	58,379	2.36		Company AT	53,646	1.99		Company AX	19,407	2.18	
9	Company AO	53,345	2.15		Company AH	50,445	1.87		Company BA	16,682	1.87	
10	Company AQ	51,288	2.07		Company AZ	48,408	1.80		Company W	15,945	1.79	
	Subtotal	696,941	28.12		Subtotal	810,436	30.08		Subtotal	314,582	35.35	
	Other	1,781,409	71.88		Other	1,883,953	69.92		Other	575,414	64.65	
	Net sales	2,478,350	100.00		Net sales	2,694,389	100.00		Net sales	889,996	100.00	

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

(5). Production volume and value in the most recent 2 fiscal years

Unit: $NT thousand

Fiscal year / Output / Main products	Fiscal year 2022			Fiscal year 2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Finished fabric (thousands of yards)	25,000	19,102	1,960,178	25,000	16,741	1,917,536
Cotton yarn (thousands of pieces)	25	5	208,497	25	3	173,459
Woolen yarn (thousands of pounds)	3,000	2,416	218,908	3,000	2,140	248,542
Mask (thousands of pieces)	20,000	12,494	29,785	20,000	3,800	16,240
Total			2,417,368			2,355,777

(6). Sales volume and value in the most recent 2 fiscal years

Expressed in thousands of NTD

Fiscal year / Sales / Main products	Fiscal year 2022				Fiscal year 2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Finished fabric (thousands of yards)	7,498	503,838	9,113	1,355,348	6,817	378,896	8,836	1,511,690
Cotton yarn (thousands of pieces)	1	40,635	1	25,068	1	30,757	0	8,074
Woolen yarn (thousands of pounds)	1,026	88,041	275	33,685	858	73,123	841	137,306
Mask (thousands of pieces)	11,935	34,136	0	0	2,993	7,902	0	0
Construction		373,161				529,646		
Other		24,438				16,995		
Total		1,064,249		1,414,101		1,037,319		1,657,070

Note: Parent company only financial statements

3. Employee Statistics

Employee statistics for the most recent 2 fiscal years up to the annual report publication date

Fiscal year	Fiscal year 2022	Fiscal year 2023	March 31, 2024
Number of Employees			
Management	279	229	227
Clerical staff	0	0	0
Operator	564	534	548
Total	843	763	775
Average age	47.89	47.95	47.42
Average years of service	6.24	6.67	6.70
Education Distribution Percentage			
Ph.D.	0	0	0
Master's degree	3.08	2.88	2.58
University (College)	34.99	36.44	36.77
Senior high school	43.53	42.99	43.10
Below senior high school	18.38	17.69	17.55
Total	100	100	100

4. Disbursements for environmental protection

(1). Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid) and the total expenses of the dispositions:None.

(2). Measures being or to be taken (including corrective measures) and possible expenses:

1. Improvement plan:
   (1) Reuse waste acid; recycle wastewater by diversion and reuse them.
   (2) Replacement of low liquor ratio dyeing machines resulted in a 40% reduction in water usage and decreased wastewater volume.
   (3) Eliminate old equipment and replace them with new ones.
   (4) Classify and reuse wastes.

2. Estimated disbursements for environmental protection in the next three years:

A. Intended purchases of equipment for pollution prevention and control or disbursements	1. The overflow washing of the dyeing machine has been changed to cylinder washing, resulting in continuous improvement and saving of water by over 5%. 2. Replacing three low bath ratio dyeing machines has reduced water consumption, and the replacement of two machines annually is ongoing. 3. Partial immersion dyeing processes have been changed to cold dyeing processes to reduce water and steam consumption, with continuous testing and improvement. 4. Automation improvements have been made to dyeing machines for yarn dyeing, reducing water and energy consumption.
B. Expected improvements	· The goal of replacing two low bath ratio dyeing machines annually has been achieved, with a total of 12 machines replaced by the 2024. · The cold dyeing is estimated to reduce the water consumption by 5%. · The modification of yarn dyeing machines was completed in October 2023, resulting in automatic reduction of steam and water consumption and increased use of recycled hot water. · Save water, electricity and fees by5%, 2%and NT$6,500,000/year.
C. Amount	NT$18 million(2022～2024)

3. Post-improvement impacts:

A. Impacts upon net profit	1. Approximately cut annual wastewater treatment costs by NT$750,000/year. 2. Total energy costs decline by 3%, and over NT$6,500,000/year.
B. Impacts upon competitive position	Comply with national laws and regulations on environmental protection; improve image and competitiveness of the Company.

5. Labor relations

(1) Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

For the company's employee benefit plans, the Employee Welfare Committee is responsible for the planning and implementation of employee welfare matters according to the government regulations for employee welfare. Any well-intentioned suggestions on the welfare policy of the Employee Welfare Committee shall be put into action with the consent of a majority of committee members. The Employee Welfare Committee shall carry out benefit plans and track results according to the welfare regulations.

1. The benefits provided by the company and the Welfare Committee are mainly as follows:
   (1) Setting up a dormitory.
   (2) Encouraging operators to pass professional certificate exams by providing allowances.
   (3) Labor insurance, national health insurance, and new pension system subject to the law.
   (4) Group insurance: Including life insurance, accident insurance, severe injuries and diseases (cancers, etc.).
   (5) Travel safety insurance: Accident insurance and accident medical insurance are provided for employees travelling abroad on business.
   (6) Marriage ceremonies, childbirth subsidies, hospitalization condolences, funeral rites, and club subsidies.
   (7) Cash gifts for Labor Day, traditional festivals, and birthday.
   (8) Regular domestic and overseas tours.
   (9) Setting up an employee canteen and library.
   (10) Employee uniforms.
   (11) Free parking lot in the southern factory area.
   (12) High temperature subsidy provided from June to September every year for those working on the field of high-temperature areas.
   (13) Regular health examinations. Health examinations for new employees are paid by the company.
   (14) Arranging healthy counseling by doctors stationed in the factory.
   (15) Building an emergency medical care and tracking management system.
2. Continuing education and training for the employees
   (1) To plan human resource development, enhance the employees' knowledge and skills, and motivate talents with potentials, the Company has specially introduced the Taiwan TrainQuality System (TTQS) of Workforce Development Agency, MOL for strengthening competitive advantages of the Company, for the purpose of ensuring reliability of the training procedures, training quality and effectiveness.
   (2) The education and training system of the Company comprises of "new employee training", "occupational skills training", "management training" and "occupational safety training".
      A. "New employee training": Including "new employee training of the Company" and "occupational safety training".
         (A) New employee training of the Company: Conducted in order that the new employees can adapt to new environment, covering the Company's organizational structure, systems and industrial safety instructions.
         (B) Occupational safety training: To make sure that all new employees could work under safe and sanitary environment, and know about connotations of occupational safety and health laws and regulations.

B. "Occupational skills training": To make the employees competent for their duties and corresponding positions. The training contents are determined based on capability requirements for different duties/pisitions and with reference to the "objectives of occupational skills training". At the end of the year, review the "objectives of occupational skills training" and amend functional requirements and relevant training contents.

C. "Management training": Conducted to make the employees become competent for management before promotion to be executives.

(3) Continuing education and training for the employees

Performance of education and training in 2023: With a total of 697 employees and 568 hours.

Training course:
(1) Occupational skills training: 2 classes in total, 75 classes for all units.
(2) Management training: 4 class in total, 4 classes for all units.
(3) Occupational safety training 3 classes in total, 21 classes for all units.

3. Retirement system and its implementation

(1) The Company establishes systems and measures related to employee retirement completely in compliance with the labor standards acts and pension regulations for labor workers. It is specified that the employees who have been employed for more than 15 years and aged 55, those who have been employed for over 25 years, and those who have been employed for more than 10 years and aged 60 may apply for retirement. Based on the employees' insurance level, no less than 6% of their monthly salary may be appropriated as pension for the labor workers...In addition, a committee has been built for supervising retirement reserves for the labor workers (In 2023, the committee held 4 meetings. 6 employees applied for retirement based on the previous system, paid NT$3,141,000), to supervise pension appropriation and payment as well as other related businesses.

(2) According to the previous Labor Standards Act, the Company appropriated 9.5% from the monthly salary as pension, which was deposited in a special account opened with the Bank of Taiwan in the name of supervisory committee for labor workers' pension. Pursuant to the newly formulated Labor Pension Act, 6% is appropriated from the employees' monthly salaries according to the salary classification form for appropriation of labor workers' pension and deposited in the employees' personal accounts opened with the Bureau of Labor Insurance.

4. Protective measures for work environment and employees' personal safety

(1) Before their entry to the plant, the manufacturers shall be given work safety education and lecturers.
(2) Annually organize fire safety drills, training on how to operate fire extinguishers, fire fighting training, and self-defense fire marshalling.
(3) Arrange safety lectures for new employees.
(4) A primary work safety department has been built to take charge of safety and health plans, and supervise promotion and improvement of the plant's safety measures, to protect employees' personal safety and health.
(5) Perform regular health examinations for the employees according to government rules.
(6) Regularly publicize employees' commuting safety, to make sure of decreasing employees' traffic accidents during commuting.
(7) Regular inspections of various safety measures, including: Maintenance and inspection of all 5 boilers according to regulations to ensure compliance and operational safety, and full inspection of all Type I pressure vessels to ensure regulatory compliance and operational safety.

5. Agreement between labor and management and various measures for safeguarding employee rights and interests

Regularly hold labor and management meetings, where the Company's responsible supervisor meets with employees or union representatives to communicate and solve various difficult problems of employees, implement coordination between labor and management, strengthen the rationalization of enterprise organization and humanization of management, and promote mutual trust and understanding between labor and management, and integrate them into one unity.

(1) Set up an "Employee Suggestion Box" to provide employees with an unobstructed speech channel.

(2) The Company's enterprise union was established in 1980. Up to now, the Company and the enterprise union uphold the concept of mutual trust, mutual understanding and mutual respect, and signed a "Collective Agreement", which clearly regulate the rights and obligations of both labor and management, safeguard the rights and interests of both labor and management, promote mutual prosperity and seek common career development.

(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

6. Cyber security management:

(I) Risk framework

For the purpose of information security, the employees of Texcom Information Technology Co., Ltd. were transferred to CHIA HER in October 2022 and built an Information Technology Department, which assumes responsibility for information and eliminates risks.

On December 5, 2023, the Company approved a board resolution to establish a dedicated Cyber Security Unit consisting of a Chief Cyber Security Officer and one staff member. This unit is responsible for developing the enterprise's cyber and communication security management framework. It operates as a functional organization at the board level, regularly reporting cyber-related risk issues, response strategies, and enhancements to the board. Additionally, it conducts biannual reviews of cyber security policies and regulatory compliance.

(II) Cyber security policies

To realize the objective of “zero risk in information security”, the Company has constructed a complete network and computer security protection system. For important network segments, education and training are performed regarding protection and monitoring mechanisms as well as information security, in order to effectively control information security and network risks. Practical measures are implemented for network security (including complete anti-virus system), firewalls, data backup and remote backup).

(III) Specific management plan

1. Control over information access: Control the access to related information systems of the Company and manage the accounts

(1) Formulate policies and permission rules on system access. Inform employees and users of their related authorities and responsibilities in writing, electronically or in other ways.

(2) For personnel who leave office and retire, immediately cancel their authorities to access all information resources and complete formalities necessary for dismissal and retirement. In respect of the employees’ position adjustment and job transfer,

their authorities shall be adjusted by the specified deadlines in accordance with the rules on system access and authorization.

(3) Establish a registration management system for system users and enhance password management for user access. The cycle for updating the password for user access shall not be longer than six months.

(4) Where the system service providers maintain their systems by remote login, strengthen security control, keep and maintain a personnel register. Comply with pertinent security and confidentiality responsibilities.

2. Security measures and specifications for hosts: Protect security and normal operations of the Company's internal hosts and network equipment.

   (1) At points of network connected to external networks, set up firewalls to control data transfer and resource access in internal and external networks. Perform stringent identification.

   (2) Use a network intrusion detection system for monitoring network traffic, to confirm who attempt to download or modify webpage information or deliberately destroy the information without permission.

   (3) When storage media fail, normal operation can be rapidly resumed with new equipment.

   (4) For disaster recovery, plan irregular simulation of hacking, organize drills on the system responds in the event of a safety incident, and provide security defence at appropriate levels.

   (5) Confidential and sensitive data or materials are not saved in any information system open to the outside. Confidential documents are not transmitted by email.

   (6) Automatically receive all email notices on security protection from the providers of related operating systems or applied programs, and install appropriate patches according to the suggestions given by email. Daily inspect operating conditions of all hosts and network equipment, including indicator lights on the panel systems of hosts or storage devices, hard disk indicator lights of hosts or storage devices, host space available, abnormal system events, indicator lights of network equipment and systems, and signal lights of network connections.

3. Principles of data recovery: Where a host or storage device malfunctions for an emergency, the operation can be rapidly resumed with another host or storage device.

   (1) The data can be recovered to the normal state within 24 hours except that the host computer room or network cannot resume operation because of a major emergency, and ensure that backup data is kept the latest and complete within two days. After data recovery, programs and databases can be normally started at once.

   (2) After data recovery, personnel of related units shall continuously make three-day observations, to ensure that system operations are normal and added data is correct.

4. Management of users' computers and publicity: Reduce virus infections or data breach of the Company's internal computers.

   (1) For each user's computer, record the user's name, computer description and IP in detail. Disenable all USB storage devices. If files are copied when temporarily needed, they may be processed by information personnel with the executive's approval.

   (2) Install anti-virus software for all users' computers and control internet access. If needed, make internet accessible with the executive's approval of the application form completed.

   (3) Irregularly publicize the instructions about information security, including how to judge suspicious emails, avoiding opening attached files of emails from strangers, preventing direct reply to the original emails in case of doubts about the emails from customers or manufacturers, and reconfirming based on other contact information.Promoting awareness of cyber security to strengthen information security awareness.

(IV) Inputting resources for cyber security management

1. Personnel
   (1) Chief Cyber Security Officer: 1 person
   (2) Cyber Security Specialist: 1 person
2. Firewall management
   In 2021, the firewall equipment was completely replaced, and an annual budget is allocated for the related threat protection system to maintain optimal security status.

   (1) Firewall is the hub of the entire network. Backups shall be created for firewall host and software for emergency needs.
   (2) The firewall system usually records all network activities and events. Its plans and reports shall at least cover event date, time, start IP, end IP and communication protocol, to facilitate routine management and subsequent auditing.
   (3) The firewall reports are reviewed by firewall management personnel to analyze if anomalies exist. They shall be kept for more than one year.
   (4) The firewall hosts can be accessed only through an internal exclusive management interface of the Company. They shall not be accessed by any other means or through terminal devices other than the Company's, in order to assure security of the firewall hosts.
   (5) The security control settings of firewalls shall be reviewed often, and adjusted when necessary, to define expected objectives of security control.
   (6) Create regular data backups for the firewall system merely on a standalone basis. Don't create backups by networks or other means.
   (7) Update software versions of the firewall system often. Related intrusion detection and virus signatures shall be daily and regularly updated in response to different cyber attacks.
3. Data backup
   (1) For important data, create three backups, deposit them in different storage devices (including non-local devices), and keep them for one month.
   (2) Provide appropriate physical and environmental protection for backups. The safety standards for backups shall be identical to those for the principal places of business as far as possible. The security controls for computer media in the principal places of business shall be applied to the backup premises if possible.
   (3) Regularly test backups to ensure availability of backup data.
4. VM (Virtual Machine) Host Replacement
   In 2021, a replacement of VM hosts was conducted, involving the updating of machines as well as the upgrading of VM hosts and virtual machine operating systems to enhance system-level cybersecurity protection. The total expenditure amounted to approximately 2 million dollars.

(V) List any losses suffered by the Company in the most recent fiscal years and up to the annual report publication date due to major cyber security events, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

7. Important contracts:

Contract Nature	Parties Concerned	Commencement and End Date	Main Contents	Restrictive Clauses
Comprehensive facility contract	Taiwan Business Bank	July 16, 2020~November 15, 2027	Land, machine and stock mortgage loans	None
Comprehensive facility contract	First Bank	October 26, 2020~June 30, 2026	Stock mortgage loan	None
Comprehensive facility contract	Taichung Commercial Bank Co., Ltd.	March 18, 2024-March 18, 2025	Plant Mortgage	None
Lease contract on fixed assets and equipment	I-HWA INDUSTRIAL CO., LTD.	December 1, 2012 - November 30, 2022 Contract renewal - November 30, 2027	Rent plant and equipment from I-HWA	None
Contract for accelerated loan project for rooting in taiwan	Taiwan Business Bank Co., Ltd.	April 17, 2024 – March 31, 2027	Land Mortgage Loan for the Construction and Purchase of Machinery and Equipment for Sanshe Plant	None

Six. Overview of the Company's Financial Status

1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, the name of the certified public accountant and the auditor's opinion given thereby

(1). Condensed Consolidated Balance Sheet - International Financial Reporting Standards

Expressed in thousands of NTD

Item \ Fiscal year		Financial information for most recent 5 fiscal years					Financial information as of March 31, 2024 of the current fiscal year (Note 1)
		Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023	
Current assets		1,463,112	2,899,685	2,728,410	2,298,772	2,127,921	2,009,166
Investments accounted for using the equity method		222,056	171,449	175,581	200,594	263,992	277,218
Property, plant and equipment		252,376	295,896	311,386	399,247	488,229	518,707
Investment property, net		3,523,347	2,068,238	2,025,443	2,197,271	2,320,633	2,377,033
Intangible asset		-	-	-	-	-	-
Other assets		949,164	929,023	1,115,489	1,031,743	905,744	824,338
Total assets		6,410,055	6,364,291	6,356,309	6,127,627	6,106,519	6,006,462
Current liabilities	Before distribution	3,727,315	2,596,901	2,167,478	2,026,059	2,092,083	2,019,420
	After distribution	3,727,315	2,596,901	2,167,478	2,026,059	2,092,083	2,019,420
Non-current liabilities		1,973,486	2,682,865	2,722,700	2,520,975	2,304,835	2,287,094
Total liabilities	Before distribution	5,700,801	5,279,766	4,890,178	4,547,034	4,396,918	4,306,514
	After distribution	5,700,801	5,279,766	4,890,178	4,547,034	4,396,918	4,306,514
Equity attributable to owners of the parent company		647,820	1,053,762	1,443,932	1,544,251	1,649,293	1,638,922
Share capital		1,200,000	878,125	1,134,153	807,613	852,101	852,101
Capital surplus		77,484	101,993	108,350	110,027	121,383	121,383
Retained earnings	Before distribution	(1,065,559)	(391,856)	(364,990)	83,873	118,180	165,631
	After distribution	(1,065,559)	(391,856)	(364,990)	83,873	118,180	165,631
Other equity		435,895	465,500	566,419	542,738	557,629	499,807
Treasury shares		-	-	-	-	-	-
Non-controlling interests		61,434	30,763	22,199	36,342	60,308	61,026
Shareholders' equity	Before distribution	709,254	1,084,525	1,466,131	1,580,593	1,709,601	1,699,948
	After distribution	709,254	1,084,525	1,466,131	1,580,593	1,709,601	1,699,948

Note 1: The above financial data for each fiscal year have been audited and attested by CPAs and the financial data for the first quarter of 2024 have been reviewed by CPAs.

(2). Condensed Consolidated Statement of Comprehensive Income - International Financial Reporting Standards

Expressed in thousands of NTD

Item \ Fiscal year	Financial information for most recent 5 fiscal years					Financial information as of March 31, 2024 of the current fiscal year (Note 1)
	Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023	
Operating revenue	2,496,050	1,929,151	2,785,873	2,484,187	2,656,752	885,215
Gross profit (loss)	210,967	90,865	253,185	282,808	399,926	197,505
Operating income	(150,667)	(269,080)	(172,235)	(58,380)	(13,729)	69,419
Non-operating income and expenses	75,189	158,939	253,811	175,282	147,135	46,295
Profit (loss) before income tax	(75,488)	(110,141)	81,576	116,902	133,406	115,714
Net income (loss) for the period from continuing operations	(110,329)	(127,030)	74,238	98,636	75,401	45,331
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss)	(110,329)	(127,030)	74,238	98,636	75,401	45,331
Other comprehensive income (loss) for the period (net of Income tax)	72,373	34,544	90,438	(17,036)	21,973	(54,984)
Total comprehensive income for the period	(37,956)	(92,486)	164,676	81,600	97,395	(9,653)
Net income attributable to owners of parent	(83,440)	(111,842)	75,289	85,455	51,463	43,998
Net income (loss) attributable to non-controlling interests	(26,889)	(15,188)	(1,051)	13,181	23,938	1,333
Total comprehensive income attributable to owners of parent	(16,909)	(78,362)	165,022	98,636	75,401	(10,371)
Total comprehensive income attributable to non-controlling interests	(21,047)	(13,854)	(346)	14,143	23,966	718
Earnings per share	(1.53)	(1.46)	1.20	1.06	0.61	0.52

Note 1: The above financial data for each fiscal year have been audited and attested by CPAs and the financial data for the first quarter of 2024 have been reviewed by CPAs.

(3). Condensed Parent Company Only Balance Sheet - International Financial Reporting Standards

Expressed in thousands of NTD

Item \ Fiscal year		Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023
Current assets		1,333,174	2,787,062	2,612,571	2,198,568	2,037,879
Investments accounted for using the equity method		440,138	478,319	521,026	577,949	612,467
Property, plant and equipment		204,470	248,285	259,070	343,922	434,069
Investment property, net		3,523,347	2,068,238	2,025,443	2,197,271	2,320,633
Intangible asset		-	-	-	-	-
Other assets		860,271	757,612	898,474	758,052	615,869
Total assets		6,361,400	6,339,516	6,316,584	6,075,762	6,020,917
Current liabilities	Before distribution	3,746,758	2,609,539	2,156,354	2,016,559	2,069,738
	After distribution	3,746,758	2,609,539	2,156,354	2,016,559	2,069,738
Non-current liabilities		1,966,822	2,676,215	2,716,568	2,514,952	2,301,886
Total liabilities	Before distribution	5,713,580	5,285,754	4,872,922	4,531,511	4,371,624
	After distribution	5,713,580	5,285,754	4,872,922	4,531,511	4,371,624
Equity attributable to owners of the parent company		647,820	1,053,762	1,443,932	1,544,251	1,649,293
Share capital		1,200,000	878,125	1,134,153	807,613	852,101
Capital surplus		77,484	101,993	108,350	110,027	121,383
Retained earnings	Before distribution	(1,065,559)	(391,856)	(364,990)	83,873	118,180
	After distribution	(1,065,559)	(391,856)	(364,990)	83,873	118,180
Other equity		435,895	465,500	566,419	542,738	557,629
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Shareholders' equity	Before distribution	647,820	1,053,762	1,443,932	1,544,251	1,649,293
	After distribution	647,820	1,053,762	1,443,932	1,544,251	1,649,293

Note 1: The above financial data for each fiscal year have been audited and attested by CPAs.

(4). Condensed Parent Company Only Statement of Comprehensive Income - International Financial Reporting Standards

Expressed in thousands of NTD

Fiscal year / Item	Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023
Operating revenue	1,996,406	1,918,305	2,777,712	2,478,350	2,693,750
Gross profit	209,030	81,724	245,425	276,499	409,715
Operating income	(99,343)	(255,005)	(153,112)	(50,085)	3,692
Non-operating income and expenses	51,282	159,921	235,739	153,627	105,776
Profit before income tax	(48,061)	(95,084)	82,627	103,542	109,468
Net income for the period from continuing operations	(83,440)	(111,842)	75,289	85,455	51,463
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	(83,440)	(111,842)	75,289	85,455	51,463
Other comprehensive income (loss) for the period (net of Income tax)	66,531	33,210	89,733	(17,998)	21,945
Total comprehensive income for the period	(16,909)	(78,632)	165,022	67,475	73,429
Net income attributable to owners of parent	-	-	-	-	-
Net income (loss) attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	(1.53)	(1.46)	1.20	1.06	0.61

Note 1: The above financial data for each fiscal year have been audited and attested by CPAs.

(5). The name of the certified public accountant and the auditor's opinion given thereby for the past 5 fiscal years

Fiscal year	Names of CPAs	Auditor's opinion	Specify details
2018	Chen, Hui-Yuan Chen, Kuo-Tsung	Unqualified opinion	
2019	Chen, Hui-Yuan Chen, Kuo-Tsung	Unqualified opinion	
2020	Hsu, Chen-Lung Chen, Kuo-Tsung	Unqualified opinion	
2021	Hsu, Chen-Lung Chen, Kuo-Tsung	Unqualified opinion	
2022	Hsu, Chen-Lung Su, Yen-Ta	Unqualified opinion	
2023	Su, Chen-Lung Su, Yen -Ta	Unqualified opinion	

Note:

(1) In 2020, due to the internal adjustment on division of labor of KPMG Taiwan, the company's original CPA Chen, Hui-Yuan was replaced with CPA Hsu, Chen-Lung for auditing and attesting.

(2) In 2022, due to the internal adjustment on division of labor of KPMG Taiwan, the Company's original CPA Chen, Kuo-Tsung was replaced with CPA Su, Yen-Ta for auditing and attesting.

2. Financial analyses for the past 5 fiscal years

(1) Consolidated Financial Analysis - Enterprise Accounting Standards

Item \ Fiscal year		Financial information for the most recent 5 years: Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023	Up to March 31, 2024 of the current fiscal year (Note 1)
Financial structure %	Debt to assets ratio	88.94	82.96	76.93	74.21	72.00	71.70
	Ratio of long-term capital to property, plant and equipment	1,062.99	1,273.21	1,345.22	1,027.33	822.24	768.65
Solvency %	Current ratio	39.25	111.66	125.88	113.46	101.71	99.49
	Quick ratio	15.01	27.81	34.89	23.06	27.30	28.32
	Times interest earned	Note2	Note2	1.90	2.28	2.30	5.49
Operating performance	Accounts receivable turnover (times)	11.22	10.28	14.36	17.37	17.06	18.95
	Average collection days	32.53	35.50	25.41	21.01	21.39	19.26
	Inventory turnover (times)	2.15	1.07	1.12	1.05	1.21	1.76
	Accounts payable turnover (times)	4.89	6.22	7.34	5.91	6.23	7.65
	Average days in sales	169.77	341.12	325.89	347.62	301.65	207.39
	Property, plant and equipment turnover (times)	7.61	7.04	9.17	6.99	5.99	7.03
	Total asset turnover (times)	0.40	0.30	0.44	0.40	0.43	0.58
Profitability	Return on total assets (%)	(0.11)	(0.67)	2.31	2.75	2.57	4.36
	Return on equity (%)	(14.54)	(14.16)	5.82	6.47	4.58	10.64
	Ratio of income before tax to paid-in capital (%)	(6.29)	(12.54)	7.19	14.48	15.66	13.58
	Net profit margin (%)	(4.42)	(6.58)	2.66	3.97	2.84	5.12
	Basic earnings per share (NT$)	(1.53)	(1.46)	1.20	1.09	0.61	0.52
Cash flow	Cash flow ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
	Cash flow adequacy ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
	Cash reinvestment ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
Leverage	Operating leverage	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4
	Financial leverage	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4

Please indicate the reasons for changes in the financial ratios in the most recent fiscal years (analysis not needed for increase or decrease below 20%):

(1) Financial Structure: Long-term funds decrease as a proportion of real estate, primarily due to increased equity and reduced long-term liabilities.

(2) Operating Performance: Average days of inventory on hand increase, mainly due to an improved inventory turnover rate.

(3) Profitability: The ratio of Ratio of income before tax to paid-in capital increases, primarily due to the higher paid-in capital in 2023. Basic earnings per share decreased, mainly due to higher income tax expenses in 2023.

*A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.

Note 1. The above financial data for each fiscal year have been audited and attested by CPAs and the financial data for the first quarter of 2024 have been reviewed by CPAs.

Note 2. Since the earnings before tax is negative, the item is not calculated.

Note 3. Since the net cash flow from operating activities is negative, the item is not calculated.

Note 4. Since the operating income is negative, the item is not calculated.

(2) Parent Company Only Financial Analysis - Enterprise Accounting Standards

Item		Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023
	Fiscal year	Financial information for the most recent 5 years				
Financial structure %	Debt to assets ratio	89.82	83.38	77.14	74.58	72.61
	Ratio of long-term capital to property, plant and equipment	1,278.74	1,502.3	1,605.94	1,180.27	910.27
Solvency %	Current ratio	35.58	106.80	121.16	109.03	98.46
	Quick ratio	11.51	23.41	29.71	18.25	24.46
	Times interest earned	0.61	0.10	1.91	2.13	2.08
Operating performance	Accounts receivable turnover (times)	12.54	10.47	14.42	17.36	15.33
	Average collection days	29.11	34.86	25.31	21.02	23.80
	Inventory turnover (times)	1.68	1.07	1.12	1.05	1.23
	Accounts payable turnover (times)	4.61	6.04	7.34	5.93	6.33
	Average days in sales	217.26	341.12	325.89	347.62	296.75
	Property, plant and equipment turnover (times)	9.74	8.47	10.95	8.22	6.92
	Total asset turnover (times)	0.34	0.30	0.44	0.40	0.45
Profitability	Return on total assets (%)	0.26	(0.43)	2.34	2.56	2.20
	Return on equity (%)	(10.35)	(13.15)	6.03	5.72	3.22
	Ratio of income before tax to paid-in capital (%)	(8.28)	(29.04)	7.29	12.82	12.85
	Net profit margin (%)	(4.18)	(5.83)	2.71	3.45	1.91
	Earnings per share (NT$)	(1.53)	(1.46)	1.20	1.09	0.61
Cash flow	Cash flow ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3
	Cash flow adequacy ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3
	Cash reinvestment ratio (%)	Note 3	Note 3	Note 3	Note 3	Note 3
Leverage	Operating leverage	Note 4	Note 4	Note 4	Note 4	Note 4
	Financial leverage	Note 4	Note 4	Note 4	Note 4	Note 4

Please indicate the reasons for changes in the financial ratios in the most recent fiscal years (analysis not needed for increase or decrease below 20%):

（1） Financial Structure: Long-term funds decrease as a proportion of real estate, primarily due to increased equity and reduced long-term liabilities.

（2） The current ratio decreased mainly because of the increase in current assets in 2023.

（3） The quick ratio increased mainly due to the decrease in current assets and inventory in 2023.

（4） The average days in sales decreased, primarily due to the improvement in inventory turnover rate in 2023.

Basic earnings per share decreased mainly due to higher income tax expenses in 2023.

Note 1: The above financial data for each fiscal year have been audited and attested by CPAs.
Note 2: Since the earnings before tax and interest expenses is negative, the item is not calculated.
Note 3: Since the net cash flow from operating activities is negative, the item is not calculated.
Note 4: Since the operating income is negative, the item is not calculated.

Note 5: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average net equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 3)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 4)
6. Leverage
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5).
   (2) Financial leverage = operating income / (operating income - interest expenses).

Note 6: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 7: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 8: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 9: For a foreign company, the paid-in capital involved in the calculation of the above ratio shall be replaced by the net worth.

3. Audit committee’s report for the most recent year’s financial statement

CHIA HER INDUSTRIAL CO., LTD.

Audit Committee’s Review Report

The board of directors have compiled and delivered the Company’s 2023 Business Reports, the Financial Statements for the year ended December 31, 2023, and the Profit Distribution Table, among which, the Financial Statements has been audited by independent auditors, Hsu, Chen-Lung and Su, Yen-Ta of KPMG Taiwan with an independent auditor’s report issued. The Audit Committee have found the above Business Reports, Financial Statements, and Profit Distribution Table to be in order and have prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for ratification.

Hereby present to
The Company’s 2024 Regular Shareholders’ Meeting

CHIA HER INDUSTRIAL CO., LTD.

Convener of the Audit Committee: Lin, Chih-Lung 林志隆 (Signature)

March 14, 2024

4. Parent company only financial statement for the most recent fiscal year, certified by a CPA

Independent Auditors' Report

To Board of Directors of CHIA HER INDUSTRIAL CO., LTD.:

Opinion

We have audited the accompanying financial statements of CHIA HER INDUSTRIAL CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Matters

The financial statements of certain subsidiaries and associates included in the investments accounted for using equity method of CHIA HER INDUSTRIAL CO., LTD. have not been audited by the CPA, but have been audited by other CPAs. Therefore, in the opinion expressed by the CPA on the above parent company only financial statements, the amounts listed in the financial statements of these subsidiaries and associates are based on the audit reports of other CPAs. In addition, investments accounted for using equity method recognized in these subsidiaries and associates accounted for 7.95% and 7.38% of total assets as of December 31, 2023 and 2022, respectively; and the share of profit or loss of subsidiaries and associates and associates using equity method recognized from January 1 to December 31, 2023 and 2022 accounted for 55.50% and 19.03% of net income before tax, respectively.

Key audit matters

Key audit matters refer to the most important items in the audit of CHIA HER INDUSTRIAL CO., LTD.'s Parent Company Only Financial statements for 2023, based on the professional judgment of the CPA. These items have been addressed during the audit of the Parent Company Only Financial statements as a whole and the formation of an audit opinion. The CPA does not express a separate opinion on these items. The key audit matters that the CPA determines should be communicated in the audit report are as follows:

I. Assessment of impairment of accounts receivable

Please refer to Note 4 (6) Financial Instruments of the Parent Company Only Financial statements for detailed accounting policies on impairment assessment of accounts receivable; please refer to Note 5 (1) to the Parent Company Only Financial statements for details of the uncertainty of accounting estimates and assumptions for impairment assessment of accounts receivable; please refer to Note 6 (3) to the Parent Company Only Financial statements on notes receivable and accounts receivable for an explanation of the impairment assessment of accounts receivable.

Explanation of key audit matters:

The customers of CHIA HER INDUSTRIAL CO., LTD.'s textile manufacturing business are downstream clothing and other home textile fabric merchants in the textile industry. Its operations are deeply affected by the fluctuations in industrial prosperity, and the payment terms for major customers' accounts receivable are approximately 30-120 days per month. Therefore, the assessment of accounts receivable impairment is subject to significant subjective judgment by the company management. Therefore, the impairment assessment of accounts receivable is one of the important evaluation items for the CPA's audit of CHIA HER INDUSTRIAL CO., LTD.'s Parent Company Only Financial statements.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include:

- Review accounts receivable aging reports, analyze changes in accounts receivable aging, and execute sampling procedures to check the accuracy of accounts receivable aging reports.
- Review the collection situation of accounts receivable after the payment period, and understand how the management assesses the possibility of recovery for overdue accounts receivable that have not yet been received and have not included expected credit losses, in order to assess the rationality of the Company's expected credit loss provision for accounts receivable.
- Review the accuracy of the Company's provision for impairment of accounts receivable in the past, and compare it with the expected credit loss of accounts receivable estimated in the current period to assess whether the current estimation method and assumptions are appropriate.
-

II. Inventory evaluation

Please refer to Note 4 (7) to the Parent Company Only Financial statements for detailed accounting policies related to inventory evaluation; please refer to Note 5 (2) to the Parent Company Only Financial statements for the uncertainty of accounting estimates and assumptions of the net realizable value of inventory evaluation; please refer to Note 6 (5) to the Parent Company Only Financial statements for an explanation of the net realizable value evaluation of inventory evaluation.

Explanation of key audit matters:

CHIA HER INDUSTRIAL CO., LTD.'s inventory is measured based on the lower of cost and net realizable value. The textile manufacturing business operated by the Company belongs to the textile industry's downstream fabric suppliers in a civilian-oriented industry, and product prices are deeply affected by market fluctuations, resulting in the risk that the cost of generating inventory may exceed its net realizable value. Therefore, inventory evaluation is one of the important evaluation items for the CPA in conducting the audit of CHIA HER INDUSTRIAL CO., LTD.'s Parent Company Only Financial statements.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include:

- Understand the sales prices adopted by the management of the Company and the changes in future inventory market prices to assess the reasonableness of the net realizable value of inventory, and implement sampling procedures to check the accuracy of the inventory net realizable value detailed statement.
- Review the inventory age report, analyze the changes in inventory age for each period, and execute sampling procedures to check the accuracy of the inventory age table.
- Review the accuracy of the Company's past provision for inventory allowances to assess whether the current valuation method and assumptions are appropriate.
- Assess whether the disclosure of inventory allowance related information by the Company is appropriate.

III. Evaluation of investment property

Please refer to Note 4 (10) Investment Property to the Parent Company Only Financial statements for the detailed accounting policies related to the evaluation of investment property; please refer to Note 5 (3) to the Parent Company Only Financial statements for the uncertainty of accounting estimates and assumptions about the evaluation of investment property; please refer to Note 6 (10) Investment Property to the Parent Company Only Financial statements for the description of the fair value of investment property evaluation.

Explanation of key audit matters:

The subsequent measurement of the investment property of CHIA HER INDUSTRIAL CO., LTD. adopts the fair value model, and the management entrusts external property appraisers to perform the evaluation of the investment property. Because the complexity of the evaluation method and the input value information are unobservable information, the fair value may have a risk of false expression. Therefore, the evaluation of the investment property is one of the important evaluation items for the CPA to perform the audit of the Consolidated Financial statements of CHIA HER INDUSTRIAL CO., LTD.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include:

- Assess the qualifications and independence of external property appraisers appointed by the Company.
- Appoint financial management experts to inspect the applicability of the evaluation method and the rationality of the evaluation trial process, the rationality of the main assumptions or input values (such as discount rate, expected market rent growth rate and return capitalization rate) in the evaluation method, and whether there are significant differences from the previous period.
- Understand whether there is a reasonable basis for the assumptions, estimates, and parameters used in the valuation report, and whether there are significant differences from the previous period.
- Assess whether the disclosure of investment property related information by the Company is appropriate.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also：

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

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

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

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

(5) Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

KPMG Taiwan

CPA:		Hsu, Chen-Lung Su, Yen-Ta
Approval and certified number of the securities regulatory authority	:	Letter No. Finance-Supervisory-Securities-Issuance-0960069825 Letter No. Finance-Supervisory-Securities-Issuance-1070304941

March 14, 2024

CHIA HER INDUSTRIAL CO., LTD.

Balance Sheets

As of December 31, 2023 and 2022

Unit: NT$ thousand

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1))	$ 123,360	2	19,148	-
1110	Financial assets at fair value through other comprehensive income - current (Notes 6 (2) and 8)	74,427	1	73,762	1
1150	Notes receivables, net (Note 6 (3) (20))	13,931	-	16,387	-
1170	Accounts receivables, net (Note 6 (3) (20))	152,102	3	122,952	2
1180	Accounts receivables - related parties, net (Notes 6 (3) (20) and 7)	45,002	1	1,022	-
1200	Other receivables (Note 6 (4))	6,183	-	6,800	-
1210	Other receivables - related parties (Notes 6 (4) and 7)	7,949	-	6,329	-
1310	Inventories (Notes 6 (5), 7 and 8)	1,525,840	25	1,823,470	31
1410	Prepayments	5,835	-	7,159	-
1476		45,832	1	66,794	1
1479		37,418	1	54,745	1
		2,037,879	34	2,198,568	36
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (2) and 8)	158,586	3	157,149	3
1550	Investments accounted for using equity method (Notes 6 (6) (7), 7 and 8)	612,467	10	577,949	10
1600	Property, plant, and equipment (Notes 6 (8), 8 and 9)	434,069	7	343,922	6
1755	Right-of-use assets (Note 6 (9))	403,496	7	569,175	9
1760	Net investment property (Notes 6 (10) (14), 7 and 8)	2,320,633	38	2,197,271	36
1840	Deferred income tax assets (Note 6(16))	3,235	-	-	-
1920	Guaranteed deposits paid (Note 6(8))	34,818	1	29,953	-
1995	Other non-current assets (Note 6(6))	15,734	-	1,775	-
		3,983,038	66	3,877,194	64
	Total assets	**$ 6,020,917**	**100**	**6,075,762**	**100**

	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities：				
2100	Short term loans (Notes 6 (11) and 8)	$ 1,023,944	17	904,478	15
2130	Contract liabilities - current (Notes 6 (20) and 9)	106,244	2	185,318	3
2150	Notes payables (Note 6(11))	99,065	2	47,986	1
2160	Notes payables - related parties (Note 7)	43,744	1	37,735	1
2170	Accounts payables	211,106	4	147,327	2
2180	Accounts payables - related parties (Note 7)	42,831	1	91,459	2
2200	Other payables (Note 6 (15))	147,349	2	152,294	3
2220	Other payables - related parties (Note 7)	22,372	-	65,557	1
2280	Lease liabilities - current (Note 6 (13))	98,981	2	114,293	2
2300	Other current liabilities (Notes 7 and 9)	23,535	-	71,019	1
2322	Long term liabilities due within one year or one business cycle (Notes 6 (11) and 8)	250,567	4	199,093	3
		2,069,738	35	2,016,559	34
	Non-current liabilities:				
2540	Long term loans (notes 6 (11) and 8)	1,537,210	26	1,634,939	27
2570	Deferred income tax liabilities (Note 6 (16))	390,259	6	383,475	6
2580	Lease liabilities - non-current (Note 6 (13))	334,908	6	476,387	8
2640	Net defined benefit liabilities - non-current (Note 6 (15))	17,166	-	15,850	-
2670	Other non-current liabilities (Notes 6 (6))	22,343	-	4,301	-
		2,301,886	38	2,514,952	41
	Total liabilities	4,371,624	73	4,531,511	75
	Equity (Note 6 (2) (7) (12) (17) (18)):				
3100	Share capital	852,101	14	807,613	13
3200	Capital surplus	121,383	2	110,027	2
3300	Unappropriated earnings	118,180	2	83,873	1
3490	Other equity items	557,629	9	542,738	9
	Total liabilities	1,649,293	27	1,544,251	25
	Total liabilities and equity	**$ 6,020,917**	**100**	**6,075,762**	**100**

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **Manager: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	**Net operating revenue (Notes 6 (14) (20) and 7)**	$ 2,693,750	100	2,478,350	100
5000	**Operating costs (Notes 6 (5) (13) (15) (21), 7 and 12)**	2,284,035	85	2,201,851	89
5900	**Gross profit**	409,715	15	276,499	11
5910	Less: unrealized gains from sales (Note 7)	16,177	1	-	-
5950	**Net gross profit**	393,538	14	276,499	11
6000	**Operating expenses (Note 6 (3) (4) (13) (15) (18) (21), 7 and 12):**				
6100	Marketing expenses	147,565	5	142,185	6
6200	Administrative expenses	166,270	6	134,593	5
6300	Research and development expenses	75,524	3	67,115	3
6450	Expected credit impairment losses (gains)	487	-	(17,309)	(1)
		389,846	14	326,584	13
6900	**Net operating income (loss)**	3,692	-	(50,085)	(2)
7000	**Non-operating income and expenses (Note 6 (2) (5) (6) (10) (11) (12) (13) (22) and 7):**				
7100	Interest income	671	-	269	-
7010	Other income	1	-	10,543	-
7020	Other gains and losses	23,229	1	30,970	1
7255	Gains on fair value adjustment - investment properties	122,012	5	184,164	8
7050	Financial costs	(101,722)	(4)	(91,365)	(4)
7070	Share of profit or loss of subsidiaries and associates accounted for using equity method	61,585	2	19,046	1
		105,776	4	153,627	6
7900	**Profit before income tax**	109,468	4	103,542	4
7951	**Less: income tax expense (Note 6 (16))**	58,005	2	18,087	1
8200	**Net profit for the period**	51,463	2	85,455	3
8300	**Other comprehensive income:**				
8310	**Items not reclassified to profit or loss (Note 6 (6) (15) (16) (17))**				
8311	Remeasurement of defined benefit plans	(3,239)	-	4,353	-
8316	Unrealized gains or losses on valuation of equity instruments at fair value through other comprehensive income	2,103	-	(60,043)	(2)
8321	Remeasurement of defined benefit plans for subsidiaries and associates accounted for using equity method	(21)	-	325	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	23,102	1	37,367	2
8349	Less: income tax related to items not reclassified to profits and losses	-	-	-	-
	Total items not reclassified to profit or loss	21,945	1	(17,998)	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences arising on translation of foreign operations	21	-	-	-
8399	Less: income tax related to items that may be reclassified to profits and losses	-	-	-	-
	Total items that may be reclassified to profit or loss	21	-	-	-
8300	**Other comprehensive income for the period (net after tax)**	21,966	1	(17,998)	-
8500	**Total comprehensive income for the period**	**$ 73,429**	**3**	**67,457**	**3**
	Earnings per share (Note 6 (19)) (Unit: NT$)				
9750	**Basic earnings per share**	**$**	**0.61**		**1.06**
9850	**Diluted earnings per share**	**$**	**0.60**		**1.04**

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **Manager: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD.

Statements of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Share capital							Other equity items				
	Ordinary shares	Capital collected in advance	Total	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficit)	Total	Exchange differences arising on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains on revaluation	Total	Total equity
Balance as of January 1, 2022	$ 1,122,132	12,021	1,134,153	108,350	-	(364,990)	(364,990)	-	93,747	472,672	566,419	1,443,932
Net profit for the period	-	-	-	-	-	85,455	85,455	-	-	-	-	85,455
Other comprehensive income for the period	-	-	-	-	-	4,678	4,678	-	(22,676)	-	(22,676)	(17,998)
Total comprehensive income for the period	-	-	-	-	-	90,133	90,133	-	(22,676)	-	(22,676)	67,457
Remuneration costs arising from employee stock options	-	-	-	758	-	-	-	-	-	-	-	758
Execution of employee stock options	17,283	(11,098)	6,185	919	-	-	-	-	-	-	-	7,104
Capital reduction to make up for losses	(364,900)	-	(364,900)	-	-	364,900	364,900	-	-	-	-	-
Conversion of convertible corporate bonds	32,175	-	32,175	-	-	(7,175)	(7,175)	-	-	-	-	25,000
Disposal of equity instruments at fair value through other comprehensive income by associates	-	-	-	-	-	1,005	1,005	-	(1,005)	-	(1,005)	-
Balance as of December 31, 2022	**806,690**	**923**	**807,613**	**110,027**	**-**	**83,873**	**83,873**	**-**	**70,066**	**472,672**	**542,738**	**1,544,251**
Net profit for the period	-	-	-	-	-	51,463	51,463	-	-	-	-	51,463
Other comprehensive income for the period	-	-	-	-	-	(3,260)	(3,260)	21	25,205	-	25,226	21,966
Total comprehensive income for the period	-	-	-	-	-	48,203	48,203	21	25,205	-	25,226	73,429
Appropriation and distribution of earnings												
Legal reserve	-	-	-	-	8,387	(8,387)	-	-	-	-	-	-
Stock dividends of ordinary shares	24,231	-	24,231	-	-	(24,231)	(24,231)	-	-	-	-	-
Execution of employee stock options	18,593	1,664	20,257	11,356	-	-	-	-	-	-	-	31,613
Disposal of equity instruments at fair value through other comprehensive income by associates	-	-	-	-	-	10,335	10,335	-	(10,335)	-	(10,335)	-
Balance as of December 31, 2023	**$ 849,514**	**2,587**	**852,101**	**121,383**	**8,387**	**109,793**	**118,180**	**21**	**84,936**	**472,672**	**557,629**	**1,649,293**

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **Manager: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD.

Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	2023	2022
Cash flow of operating activities:		
Profit before income tax for the period	$ 109,468	103,542
Adjustment items:		
Income and loss items that do not affect cash flow		
Depreciation expenses	159,912	159,215
Expected credit impairment losses (gains)	487	(17,309)
Interest expenses	101,722	91,365
Interest income	(671)	(269)
Dividend income	(1)	(10,543)
Share of profit of subsidiaries and associates accounted for using equity method	(61,585)	(19,046)
Gains (losses) on disposal of property, plant, and equipment	(4,145)	150
Gains on disposal of investment properties	-	(97)
Unrealized gains from sales	16,177	-
Gains on fair value adjustment of investment properties	(122,012)	(184,164)
Share-based compensation costs	-	758
Unrealized foreign currency exchange gains	(763)	(578)
Total income and loss items that do not affect cash flow	89,121	19,482
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Decrease in notes receivable	2,456	4,083
Decrease (increase) in accounts receivable	(33,761)	17,902
Increase in accounts receivable - related parties	(43,980)	(1,022)
Decrease in other receivables	749	45,643
Increase in other receivables - related parties	(1,620)	(1,187)
Decrease in inventories	297,630	142,580
Decrease (increase) in prepayments	1,373	(1,183)
Decrease in other current assets	17,327	26,729
Total net changes in assets related to operating activities	240,174	233,545
Net changes in liabilities related to operating activities:		
Increase (decrease) in contract liabilities	(79,074)	18,203
Increase (decrease) in notes payables	21,079	(57,626)
Increase (decrease) in notes payables - related parties	6,009	(7,803)
Increase (decrease) in accounts payables	63,779	(39,137)
Increase in accounts payables - related parties	(48,628)	11,520
Decrease in other payables	(4,858)	(29,372)
Decrease in other payables - related parties	(14,289)	(4,015)
Increase (decrease) in other current liabilities	(48,250)	4,789
Decrease in net defined benefit liabilities - non-current	(1,923)	(1,210)
Total net changes in liabilities related to operating activities	(106,155)	(104,651)
Total net changes in assets and liabilities related to operating activities	134,019	128,894
Total adjustment items:	223,140	148,376
Cash inflows from operations	332,608	251,918
Interest received	671	269
Dividends received	1	10,543
Interest paid	(100,687)	(89,660)
Income tax paid	(54,505)	(39,139)
Net cash inflows from operating activities	178,088	133,931
Cash flow from investment activities:		
Acquisition of investments accounted for using equity method	(3,218)	-
Disposal of investments accounted for using equity method	2,070	-
Refund of paid-up capital of capital reduction from investees accounted for using equity method	50,347	-
Cash dividends received from investment accounted for using equity method	2,655	-
Acquisition of property, plant, and equipment	(158,386)	(120,877)
Acquisition of investment properties	(1,350)	-
Proceeds from disposal of property, plant, and equipment	5,437	47
Proceeds from disposal of investment properties	-	12,433
Increase in guaranteed deposits paid	(4,865)	(13,318)
Decrease in other financial assets - current	20,962	81,727
Decrease (increase) in other non-current assets	(4,317)	1,515
Net cash outflows from investment activities	(90,665)	(38,473)
Cash flow from financing activities:		
Increase (decrease) in short-term borrowings	124,064	(77,166)
Increase (decrease) in other payables - related parties	(30,000)	10,000
Borrowing long-term borrowings	188,674	164,290
Repayment of long-term borrowings	(234,929)	(185,664)
Increase in notes payables	30,000	-
Increase in guaranteed deposits paid	180	-
Repayment of lease principal	(92,952)	(111,849)
Execution of employee stock options	31,613	7,104
Net cash inflows (outflows) from financing activities	16,650	(193,285)
The impact of exchange rate fluctuations on cash and cash equivalents	139	18
Increase (decrease) in cash and cash equivalents for the current period	104,212	(97,809)
Beginning cash and cash equivalents balance	19,148	116,957
Ending cash and cash equivalents balance	$ 123,360	19,148

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **Manager: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial statements
2023 and 2022
(Unless otherwise specified, all units are in NT$ thousand)

I. Brief history of the Company

CHIA HER INDUSTRIAL CO., LTD. (hereinafter referred to as the "Company") was established on December 12, 1972 in Sanshe Village, Tainan City. After merger and expansion, the current business includes processing and sales of various fiber textiles, printing and dyeing, and finishing, as well as leasing and sales of commercial buildings commissioned by construction manufacturers, leasing and sales of factory building development, and medical equipment manufacturing and sales.

II. Approval date and procedures of the parent company only financial statements

The Parent Company Only Financial statements was approved and issued by the board of directors on March 14, 2024.

III. Application of newly issued and revised standards and interpretations

(I) The impact of using new and revised standards and interpretations recognized by the Financial Supervisory Commission

The Company shall apply the following newly revised International Financial Reporting Standards from January 1, 2023, and shall not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Disclosure of accounting policies”
- Amendments to IAS 8 “Definition of accounting estimates”
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from single transaction”

The Consolidated Company shall apply the following newly revised International Financial Reporting Standards from May 23, 2023, and shall not have a significant impact on the parent company only financial statements.

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

(II) The impact of not using International Financial Reporting Standards recognized by the Financial Supervisory Commission

The assessment of the Company shall be subject to the following newly revised International Financial Reporting Standards effective from January 1, 2024, which shall not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”

(III) Newly issued and revised standards and interpretations that have not yet been recognized by the Financial Supervisory Commission

The Company expects that the following new and revised standards that have not yet been recognized will not have a significant impact on the parent company only financial statements.

- Amendment to International Financial Reporting Standards 10 and IAS 28: “Asset Sales or Investments between Investors and their Associates or Joint Ventures”
- Amendments to International Financial Reporting Standard 17 “Insurance Contracts” and International Financial Reporting Standard 17
- Amendments to IAS 21 “Lack of Exchangeability”

IV. Summary of significant accounting policies

The summary of significant accounting policies adopted in the Parent Company Only Financial statements is as follows. Unless otherwise stated, the following accounting policies have been consistently applied to all periods of expression in the Parent Company Only Financial statements.

(I) Declaration of compliance

The Parent Company Only Financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers (hereinafter referred to as "the Regulations Governing the Preparation"), and the International Financial Reporting Standards, International Accounting Standard, and their interpretations and interpretation announcements recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the “IFRS accounting standards endorsed by the Financial Supervisory Commission”).

(II) Preparation basis

1. Measurement basis

   Except for the following important items in the Balance Sheet, the Parent Company Only Financial statements is prepared on the basis of historical cost:

   (1) Financial assets at fair value through other comprehensive income;
   (2) Investment property measured at fair value; and
   (3) Net defined benefit liabilities are measured by deducting the fair value of pension fund assets from the present value of defined benefit obligations and the upper limit influence number as described in Note 4 (16).

2. Functional currency and expression currency

   The Company uses the currency of the main economic environment in which they operate as their functional currency. The Parent Company Only Financial statements is expressed in the functional currency of the Company, NTD. All financial information expressed in NTD with the unit of NT$ thousand.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into functional currencies based on the exchange rate on the transaction date. The foreign currency monetary items at the end of each subsequent reporting period (hereinafter referred to as the reporting day) are converted into functional currencies at the exchange rate of that day. Foreign currency non-monetary items measured at fair value are translated into functional currency at the exchange rate on the date of measurement of fair value, and foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date.

2. Foreign operations

When preparing the consolidated financial statements, assets and liabilities, including goods will and fair value adjustments arising from business combination, of foreign operations shall be translated into NTD at the closing rate at the reporting date, income and expenses shall be translated into NTD at the average exchange rates of the period, and all resulting exchange differences shall be recognized in other comprehensive income.

On the disposal of a foreign operation resulting in loss of control, joint control or significant influence, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified to profit or loss. When the partial disposal of an interest in an associate or a joint arrangement that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified to profit or loss in proportion.

For monetary item that is receivable from or payable to a foreign operation, if an item for which settlement is neither planned nor likely to occur in the foreseeable future, the resulting exchange gains or losses is in substance a part of the Company’s net investment in that foreign operation, and recognized in other comprehensive income.

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

Assets that meet one of the following conditions are classified as current assets, while all other assets that are not-current assets are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume it. The Company has a business cycle of one year, except for property development related businesses, which are usually longer than one year;
2. Holding the asset primarily for trading purposes;
3. It is expected that the asset will be realized within twelve months after the reporting period; or

4. The asset is in cash or cash equivalents, except for those who use the asset for exchange, debt settlement, or other restrictions at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, while all other liabilities that are not-current liabilities are classified as non-current liabilities:

1. It is expected that the liability will be settled during the normal business cycle. The Company has a business cycle of one year, except for debts related to property development business, which is usually longer than one year;
2. Holding the liability primarily for trading purposes;
3. The liability is expected to become due and payable within twelve months after the reporting period; or
4. Liabilities that do not have the right to unconditionally extend the repayment period to at least twelve months after the reporting period. The paragraphs of liabilities that may be settled by issuing equity instruments at the option of the counterparty do not affect their classification.

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposit. Equivalent cash refers to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of value change. Time deposits that meet the aforementioned definition and are held for short-term cash commitments rather than investment or other purposes are reported as equivalent cash.

(VI) Financial instruments

Accounts receivable and debt securities issued were originally recognized at the time of generation. All other financial assets and liabilities were originally recognized when the Company became a party to the contractual paragraphs of the financial instrument. Financial assets (except accounts receivable that do not contain significant financial components) or financial liabilities measured at fair value other than through profits or losses are originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components were originally measured at transaction prices.

1. Financial assets

   If the purchase or sale of financial assets complies with customary trading practices, the Company shall adopt accounting treatment for all purchases and sales of financial assets classified in the same way on the trading or delivery date.

   At the time of original recognition, financial assets are classified as: financial assets at amortized cost, financial assets investments measured at fair value through other comprehensive income. The Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

   (1) Financial assets at amortized cost

   Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at cost after amortization:

   · The financial asset is held under a business model aimed at receiving contractual cash flows.

   · The contractual terms of the financial asset generate cash flow on a specific date, which is entirely interest on the payment of principal and outstanding principal amounts.

   The cumulative amortization amount of these assets is calculated using the effective interest method based on the original recognized amount plus or minus, and the amortized cost of any allowance losses is adjusted for measurement. Interest income, foreign currency exchange profits and losses, and impairment losses are recognized in profits or losses. When derecognition, include profits or losses in profits or losses.

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

   When the debt instrument investment meets the following conditions at the same time and is not designated to be measured at fair value through profits or losses, it is measured at fair value through other comprehensive income:

   · The financial asset is held under a business model aimed at receiving contractual cash flow and selling it.

   · The contractual terms of the financial asset generate cash flow on a specific date, which is entirely interest on the payment of principal and outstanding principal amounts.

At the time of original recognition, the Company may make an irrevocable choice to report the subsequent changes in the fair value of equity instrument investments not held for trading to other comprehensive income. The aforementioned selection was made on a tool-by-tool basis.

It belongs to debt instrument investors and is subsequently measured at fair value. Interest income, foreign currency exchange profits and losses, and impairment losses calculated using the effective interest method are recognized in profits or losses, while other net profits or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated amount of other comprehensive income is reclassified to profits or losses.

Equity instrument investors are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of a portion of investment costs) is recognized in profits or losses. The remaining net profits or losses is recognized as other comprehensive income and is not reclassified to profits or losses.

Dividend income from equity investments is recognized on the date on which the Company has the right to receive dividends (usually the ex-dividend date).

(3) Business model assessment

The purpose of the Company is to assess the business model of holding financial assets at the portfolio level. This is the most reflective way of operating management and providing information to the management. The consideration information includes:

- The stated investment portfolio policies and objectives, as well as the operation of these policies. Whether the manager's strategy focuses on earning contractual cash flows, maintaining specific interest rate combinations, aligning the duration of financial assets with the duration of related liabilities or expected cash outflows, or achieving cash flows through the sale of financial assets;
- How to assess the performance of the business model and the financial assets held under the business model, and how to report to the main management personnel of the enterprise;
- The risks that affect the performance of the business model (and the financial assets held under the business model) and the management methods for such risks;
- The method of determining the remuneration of the manager of the business, for example, the remuneration is based on the fair value of the assets under management or the contractual cash flow received; and
- The frequency, amount, and timing of financial asset sales in previous periods, as well as the reasons for such sales and expectations for future sales activities.

If the transaction of transferring financial assets to a third party for the above business purposes does not meet the derecognition conditions, it is not a sale referred to above, which is consistent with the purpose of the Company continuing to recognize the assets.

(4) Assess whether the cash flow of the contract is entirely the interest on the paid principal and outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial asset at the time of original recognition, and the interest is composed of the following consideration: time value of money, credit risk related to the amount of outstanding principal in a specific period, other basic lending risks and costs, and profit margin.

Assess whether the contractual cash flow is entirely the interest on the payment of principal and the outstanding principal amount. The Company considers the contractual terms of financial instruments, including assessing whether the financial assets contain a contractual term that can change the timing or amount of the contractual cash flow, resulting in it not meeting this condition. When assessing, the Company considers:

- Any contingency that may change the timing or amount of the contract cash flow;
- Possible adjustments to the terms of the contract coupon rate, including the characteristics of variable interest rates;
- Early repayment and extension characteristics; and

- The right to request the Company is limited to the terms of cash flows originating from specific assets (such as non-recourse characteristics).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets at amortized cost, including cash and equivalents, notes receivable, accounts receivable, other receivables, deposits, and other financial assets.

Expected credit loss during the expected period of existence refers to the expected credit loss incurred by all possible default events during the expected period of existence of a financial instrument.

Twelve month expected credit loss refers to the expected credit loss caused by a possible default event of a financial instrument within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than twelve months).

The following financial assets are measured as allowance losses based on the expected credit loss amount over a twelve-month period, while the remaining assets are measured based on the expected credit loss amount during their existence period:

- It is determined that the credit risk of debt securities on the reporting date is low; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of financial instruments) has not increased significantly since the original recognition.

The allowance for losses in accounts receivable is measured based on the expected amount of credit loss during the period of existence.

In determining whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and verifiable information (available without excessive costs or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation and forward-looking information of the Company.

If the contract payment is overdue for more than 30 days, the Company assumes that the credit risk of the financial assets has increased significantly.

If the contract payment is overdue for more than one year and the borrower is unlikely to fulfill their credit obligations to pay the full amount to the Company, the Company shall be deemed to have defaulted on the financial asset.

Expected credit loss is the probability weighted estimate of credit loss during the expected lifespan of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can receive under the contract and the expected cash flow that the Company will receive.

The Company assesses whether there is credit impairment on financial assets at amortized cost on each reporting day. When one or more events that have an adverse impact on the estimated future cash flow of a financial asset have occurred, the credit of the financial asset has been impaired. Evidence of credit impairment of financial assets includes observable information related to:

- Significant financial difficulties of the borrower or issuer;
- Breach of contract, such as delayed or overdue for more than one year;
- Due to economic or contractual reasons related to the borrower's financial difficulties, the Company provides concessions that the borrower would not have considered;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- Due to financial difficulties, the active market for the financial asset has disappeared.

The provision for losses on financial assets at amortized cost is deducted from the carrying amount of the asset.

When the Company cannot reasonably expect the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of offsetting based on whether it is reasonably expected to be recoverable. The Company expects no significant reversal of the offset amount. However, the financial assets that have been written off can still be enforced to comply with the procedures for the Company to recover overdue amounts. Based on experiences, the overdue amount will not be collected from company accounts after one year.

(6) Derecognition of financial assets

The Company will only exclude financial assets when the contractual rights from the cash flow of the asset are terminated, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained, and the control of the financial asset has not been retained.

If all or almost all the risks and rewards of the transferred asset ownership are retained in the transaction of transferring financial assets signed by the Company, they are still continuously recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liability or equity

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

(2) Equity instrument

Equity instrument refers to any contract that recognizes the remaining equity of the Company after deducting all its liabilities from its assets. The equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

(3) Treasury shares

When repurchasing the recognized equity instruments of the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury shares. Subsequent sales or reissues of treasury shares, the amount received is recognized as an increase in equity, and the surplus or loss arising from the transaction is recognized as capital surplus or retained surplus (if the capital surplus is insufficient to offset).

(4) Composite financial instruments

The composite financial instruments issued by the Company are convertible corporate bonds (denominated in NT$) that the holders have the option to convert into capital shares, and the number of shares issued by them will not vary with the changes in their fair values.

The original recognized amount of the liability component of composite financial instruments is measured by the fair value of similar liabilities excluding equity conversion rights. The original recognized amount of the equity component is measured by the difference between the fair value of the overall composite financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the debt and equity components in proportion to the carrying amount of the original debt and equity.

After initial recognition, the liability component of composite financial instruments is measured at amortized cost using the effective interest rate method. The equity components of composite financial instruments are not re-measured after initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity upon conversion, and no profit or loss arises on conversion.

(5) Financial liabilities

Financial liabilities are classified as cost after amortization or measured at fair value through profit or loss. Financial liabilities that are held for trading, derivatives or designated at the time of original recognition are classified as measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and exchange profits and losses are recognized in profit or loss. Any profits or losses incurred during the period of derecognition are also recognized in profit or loss.

(6) Derecognition of financial liabilities

The Company is derecognized of financial liabilities when its contractual obligations have been fulfilled, cancelled, or matured. When the terms of the financial liabilities are modified and there is a significant difference in the cash flow of the modified liabilities, the original financial liabilities are excluded, and the new financial liabilities are recognized at fair value based on the modified terms.

When derecognition financial liabilities, the difference between their carrying amount and the total amount of consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(7) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are only offset and expressed in net amounts on the balance sheet when the Company currently has legally enforceable rights to offset each other and intends to deliver them on a net basis or simultaneously realize assets and settle liabilities.

(VII) Inventory

1. Manufacturing

Inventory is measured at the lower of cost or net realizable value. The cost includes the acquisition, production, or processing costs and other costs incurred to make it available for use in a location and state, and is calculated using the weighted average method. The cost of finished products and work-in-process products inventory includes manufacturing expenses allocated in an appropriate proportion to normal production capacity.

Net realizable value refers to the estimated selling price under normal business operations minus the estimated cost of completion and the estimated cost of completion of the sale.

2. Construction

Inventory is measured at the lower of cost or net realizable value. The cost includes the necessary expenses incurred to obtain the available location and status, as well as the capitalization cost of borrowing.

Net realizable value refers to the estimated selling price under normal business operations minus the estimated cost of completion and the estimated cost of completion of the sale. The determination method of net realizable value is as follows:

(1) Land under construction: The net realizable value is calculated based on the estimated selling price (market conditions at the time) minus the costs and sales expenses that need to be invested until completion.

(2) Land for sale: The net realizable value is the estimated selling price (estimated by the management based on the market conditions at the time) minus the estimated costs and sales expenses incurred when selling the property.

(VIII) Investment in associates

An associate is an entity over which the Company has significant influence, but does not control. Generally, if the Company directly or indirectly holds 20% to 50% of ownership with voting rights of associates' shares, the Company is supposed to have significant influence.

Under the equity method, the investment is initially recognized at cost, and investment costs include transaction costs. The carrying amount of investments in associates includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The Parent Company Only Financial statements includes the amount recognized by the Company in proportion to equity, from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with the accounting policies of the Company, as well as other comprehensive income of each invested associates. When the equity changes of associates in non profits and losses and other comprehensive income do not affect the shareholding ratio of the Company, the Company recognizes all equity changes as capital surplus according to the shareholding ratio.

Unrealized profits and losses arising from transactions between the Company and associates are only recognized in the financial statements of the enterprise to the extent unrelated to the investor's equity in the associates.

When the proportionate share of losses recognized by the Company in the associate is equal to or exceeds its equity in the associate, the recognition of its losses shall be stopped, and additional losses and related liabilities shall be recognized only to the extent of legal obligations, constructive obligations, or payments made on behalf of the invested company.

The Company ceases to use the equity method since its investment is no longer an associate, and measures the retained equity at fair value. The difference between the fair value of the retained equity and the disposal price and the carrying amount of the investment on the date of ceasing to use the equity method is recognized in current profits and losses. The basis of accounting treatment for all amounts previously recognized in other comprehensive income related to the investment is the same as the basis that an associate must follow if it directly disposes of related assets or liabilities, that is, if the profits or losses previously recognized in other comprehensive income must be reclassified into profits and losses (or retained earnings) when disposing of related assets or liabilities. When the enterprise stops using equity method, the profit or loss is reclassified from equity to profit or loss (or retained earnings). If the ownership interest of the Company in the related enterprise decreases, but the equity method continues to apply, the Company will reclassify and adjust the profits or losses related to the reduction of the ownership interest and previously recognized as other comprehensive income according to the reduction ratio in the above manner.

When an associate issues new shares, if the Company fails to subscribe according to its shareholding ratio, resulting in a change in 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 surplus and investments accounted for using equity method; If the adjustment is to offset the capital surplus, but the balance of the capital surplus generated by the investments accounted for using equity method is insufficient, the difference is debited to the retained surplus. However, if the Company fails to subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest in an associate, the amount previously recognized in other comprehensive income related to the associate is reclassified to profits and losses in proportion to the decrease, and the basis of accounting treatment is the same as what must be followed by an associate if it directly disposes of related assets or liabilities.

(IX) Investment in subsidiaries

In the preparation of parent company only financial statements, the company adopts the equity method to evaluate the invested companies with control. Under the equity method, the current profit and loss and other comprehensive income of the parent company only financial report are the same as the current profit and loss and other comprehensive income in the financial report prepared by the consolidated basis attributable to owners of the parent company equity, and equity attributable to owners of the parent company only financial report owners are the same as those of the parent company owners in the financial report prepared by the consolidated basis.

If the change of ownership interest of the Company in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(X) Investment property

Investment property refers to the property held for rent earning or asset appreciation, or both, but not for sale in normal business, production, provision of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at fair value, and any change is recognized as profit or loss.

The profits or losses from the disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) are recognized in profit or loss. If the investment property sold was previously classified as Property, Plant, and Equipment, any related "revaluation appreciation of other equity-property" is transferred to retained earnings.

The rental income of investment property is recognized as operating income on a straight-line basis during the lease term. The lease incentive given is recognized as a portion of rental income during the lease term.

(XI) Property, Plant, and Equipment

1. Recognition and measurement

   Property, Plant, and Equipment items are measured based on cost (including capitalized borrowing costs) minus accumulated depreciation and any accumulated impairment.

   If the major components of Property, Plant, and Equipment have different durability years, they shall be treated as separate items (main components) of Property, Plant, and Equipment. The disposal profits or losses of Property, Plant, and Equipment are recognized in profit or loss.

2. Reclassification to investment property

   When the property for personal use is changed to investment property, the property is reclassified as investment property at the fair value when the use is changed. The interest generated by Remeasurement is recognized as profit and loss within the scope of the cumulative loss previously recognized by the property, and the remaining balance is recognized as other comprehensive income, and accumulated in the "revaluation reserve of other equity property." Any loss is recognized in profit or loss, except that if the reduction is still within the range of the revaluation appreciation amount of the property, the reduction is recognized in other comprehensive income and loss, and the revaluation appreciation in equity is offset.

3. Subsequent costs

   Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the Company.

4. Depreciation

   Depreciation is calculated based on the cost of assets minus residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.

   Land does not need to be depreciated.

   The estimated lifespan of Property, Plant, and Equipment is as follows:

(1)	Machinery equipment	5-10 years
(2)	Transportation equipment	2-15 years
(3)	Office and other equipment	2-20 years
(4)	Leased assets	5-8 years

   The Company reviews the depreciation method, useful life, and residual value on each annual reporting day, and makes appropriate adjustments as necessary.

(XII) Leasing

The Company evaluates whether the contract belongs to or includes a lease on the establishment date of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract belongs to or includes a lease.

1. Lessee

   The Company recognizes the right of use assets and lease liabilities on the lease commencement date. The right of use assets are initially measured at cost, which includes the original measurement amount of the lease liabilities. Any lease payments made on or before the lease commencement date are adjusted, and the original direct costs incurred are added, as well as the estimated costs for dismantling, removing, and restoring the location or underlying assets, minus any lease incentives received.

   The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date of the lease to the expiration of the useful life of the right-of-use asset or the expiration of the lease term, whichever is earlier. In addition, the Company regularly evaluates whether the right of use assets have been impaired and handles any impairment losses that have occurred, and cooperates in adjusting the right of use assets in the event of Remeasurement of lease liabilities.

   Lease liabilities are initially measured based on the present value of lease payments that have not yet been paid on the lease inception date. If the implicit interest rate of the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the interest rate of the increased borrowing of the Company is used. Generally speaking, the Company adopt the interest rate of their increased borrowings as the discount rate.

   The lease benefits measured as lease liabilities include:

   (1) Fixed benefits, including substantial fixed benefits;
   (2) Lease payments are based on changes in a certain index or rate, using the index or rate from the lease start date as the original measurement;
   (3) Expected residual value guarantee amount to be paid; and
   (4) The exercise price or penalty payable when it is reasonably determined that the purchase

option or lease termination option will be exercised.

The subsequent provision of interest on lease liabilities is based on the effective interest method, and their amount is measured when:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
(2) There is a change in the expected residual value guarantee amount to be paid;
(3) There is a change in the evaluation of the purchase option of the underlying asset;
(4) There is a change in the estimation of whether to exercise the option of extension or termination, and change in the assessment of the lease term;
(5) Modifications to the market term, scope, or other terms of the lease.

When the lease liability is remeasured due to the change of the index or rate used to determine the lease payment, the change of the residual value guarantee amount, and the evaluation change of the purchase, extension or termination option, it is the carrying amount of the right-of-use asset that should be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease, and the difference between it and the remeasured amount of the lease liability is recognized in profit or loss.

The Company will present the use rights assets and lease liabilities that do not meet the definition of investment property in a separate line item on the balance sheet.

For short-term leases of employee dormitories, office machines, and parking spaces, the Company chooses not to recognize the right of use assets and lease liabilities, but instead recognizes the relevant lease payments as expenses on a straight-line basis during the lease term.

2. Lessor

The transaction in which the Company is the lessor is to classify the lease contract on the lease establishment date according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying assets. If yes, it is classified as finance lease, otherwise it is classified as operating lease. When evaluating, the Company considers specific indicators such as whether the lease term covers the main part of the economic life of the underlying asset.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (except inventory, deferred income tax assets and investment properties measured at fair value) may be impaired. If any indication exists, estimate the recoverable amount of the asset.

For the purpose of impairment testing, a group of assets with the majority of cash inflows independent of other individual assets or asset groups is designated as the smallest identifiable asset group. The goodwill obtained from a business consolidation is allocated to various cash generating units or groups of cash generating units that are expected to benefit from the comprehensive effects of the consolidation.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less the cost of disposal and its value in use. When assessing the value in use, the estimated future cash flow is converted to the present value by the pre-tax discount rate, which should reflect the current market's assessment of the time value of money and the specific risks of the asset or cash generating unit.

If the recoverable amount of individual assets or cash generating units is lower than the carrying amount, impairment losses are recognized.

The impairment loss is immediately recognized in the current profit or loss, and is first reduced by the carrying amount of the amortized goodwill of the cash generating unit, followed by a reduction in the proportion of the carrying amount of each other asset within the unit.

The impairment loss of goodwill shall not be reversed. Non-financial assets other than goodwill are only reversed to the extent that they do not exceed the carrying amount determined if the impairment loss was not recognized in the previous year (excluding depreciation or amortization).

(XIV) Revenue recognition

Revenue from contracts with customers

Revenue is measured at the amount of consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services. The Consolidated Company recognizes revenue when its control over goods or services is transferred to customers and its performance obligations are met. The primary revenue items are explained as follows:

(1) Sales of goods

The Company recognizes revenue upon the transfer of control over the product. The transfer of control of the product refers to the fact that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, and the risk of obsolescence and loss has been transferred to the customer. The customer has accepted the product according to the sales contract, and the acceptance terms have become invalid, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when delivering goods, as the Company has an unconditional right to receive consideration at that time.

(2) Land development and property sales

The Company develops and sells standard factory property, and presales the property during or before the construction period. The Company recognizes revenue upon the transfer of control over property. Due to contractual limitations, the property usually has no other use for the Company. In principle, the recognition of the year in which the profits and losses from the completion and delivery of housing are attributed is based on the completion of the registration of the transfer of housing or property rights (whichever is later) as the control transfer time point and recognized as income.

Revenue is measured based on the transaction price of the contract agreement. If the house is sold, the consideration can usually be received when the legal ownership of the property is transferred. If it is pre-sale property, the payment is usually received in installments between the signing of the contract and the transfer of the property to the customer. The advance receipts are recognized as contract liabilities, and the accumulated amount of contract liabilities is recognized as income when the property is transferred to the customer.

(3) Financial components

The Company expects that the time interval between the transfer of goods from all customer contracts to customers and the time when customers pay for the goods shall not exceed one year. Additionally, there is no difference between the promised consideration of the property sales contract and the current sale price, and there are no significant financing factors included. Therefore, the Company does not adjust the monetary time value of the transaction price.

(XV) Government grants

When the Company can receive government grants related to the COVID-19 epidemic, the subsidies without conditions are recognized as other income. For other asset-related subsidies, the Company recognizes them as deferred income by name and amount when it can reasonably be confident that they will comply with the conditions attached to government grants and will receive such subsidies, and recognizes such deferred income as other income on a systematic basis over the useful life of the assets. The government grants that compensate for the expenses or losses incurred by the Company are recognized in profit or loss on a systematic basis in the same period as the relevant expenses.

(XVI) Employee benefits

1. Determine the allocation plan

The provision of retirement pension plan contribution obligation is recognized as an expense during the period of service provided by employees.

2. Determine benefit plans

The net obligation of the Company to determine the welfare plan is calculated by converting the amount of future welfares earned by employees from their services in the current or previous periods into the present value, and deducting the fair value of the plan assets.

Determine benefit obligations annually by a qualified actuary using the estimated unit benefit method. When the calculation results may be beneficial to the Company, the recognition of assets is limited to the present value of any economic benefits that can be obtained in the form of refunding the allocation funds from the plan or reducing future allocation funds from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The Remeasurement amount of net defined welfare liabilities, including actuarial profits and losses, planned asset remuneration (excluding interest), and any change in the number of asset ceiling effects (excluding interest), is immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the welfare liabilities (assets) determined by the Company is the net welfare liabilities (assets) and discount rate determined at the beginning of the annual reporting period. The net interest expenses and other expenses of the defined benefit plan are recognized in profit or loss.

When a plan is revised or reduced, any changes in benefits related to prior service costs or reduced profits or losses are immediately recognized as profit or loss. The Company recognizes the liquidation profits and losses of the defined welfare plan when liquidation occurs.

3. Termination benefit

Resignation welfares are recognized as expenses when the Company is no longer able to revoke the offer of such welfares or when the relevant restructuring costs are recognized, whichever is earlier. When the termination benefits are not expected to be fully repaid within twelve months after the reporting date, they are discounted.

4. Short-term employee benefits

The short-term employee benefit obligation is recognized as an expense when short-term employees providing services. If the Company has a current legal or constructive payment obligation due to employees providing services in the past, and the obligation can be reliably estimated, the amount will be recognized as a liability.

(XVII) Share-based payment transactions

The share-based payment agreement for equity settlement is based on the fair value on the payment date. During the vested period of the reward, expenses are recognized and the relative equity is increased. The recognized fees are adjusted based on the expected number of rewards that meet the service conditions and non-market conditions; The final recognized amount is measured based on the number of rewards that meet the service conditions and non-market acquired conditions on the acquired day.

The non-vested conditions of share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment, and the difference between the expected and actual results need not be verified and adjusted.

The payment date of the Company's share-based payment is the date of confirming the number of shares subscribed by employees.

(XVIII) Income tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax shall be recognized in profit or loss, except for those related to business combination, items directly recognized in equity or other comprehensive income.

Current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or substantive legislative tax rate on the reporting date.

Deferred income tax is measured and recognized as the temporary difference between the carrying amount of assets and liabilities and their tax base at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. the initial recognition of an asset or liability in a transaction which is not a business

combination, and at the time of the transaction, (i) affects neither accounting profit nor taxable profit (tax loss), and (ii) does not give rise to equal taxable and deductible temporary differences;

2. Temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, and the Consolidated Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. Temporary taxable differences arising from the original recognition of goodwill.

A deferred tax asset shall be recognized for the carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporaries can be utilized. At each reporting date, the Company shall reassess the deferred tax assets, and decrease to the extent that the it is not probable that the tax benefits will realize, or reverse the decreased amount to the extent that the taxable profit become sufficient.

Deferred income tax is measured by the tax rate when the expected temporary difference is reversed, and is based on the statutory tax rate or substantive legislative tax rate on the reporting date.

The Company can offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met simultaneously:

1. Have the legal enforcement right to offset the current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers of income tax levied by the same tax authority;
   (1) The same tax paying entity; or
   (2) Different tax paying entities intend to pay off the current income tax liabilities and assets on a net basis, or realize assets and pay off liabilities at the same time, in each future period when significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XIX) Earnings per share

The Company shall present the basic and diluted earnings per share attributable to the holders of ordinary equity interests of the Company. The basic earnings per share of the Company are calculated by dividing the profit and loss attributable to the holders of ordinary equity interests of the Company by the weighted average number of outstanding ordinary shares in the current period. Diluted earnings per share are calculated by adjusting for the impact of all potential diluted ordinary shares, based on the profit and loss attributable to the holders of ordinary equity interests of the Company and the weighted average number of outstanding ordinary shares.

The potential diluted common share of the Company includes convertible corporate bonds, employee share options, and employee compensation that can be issued through share issuance.

(XX) Segment information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

V. Major sources of uncertainty of major accounting judgments, estimates and assumptions

When preparing the Parent Company Only Financial statements, the manager must make judgments, estimates, and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from the estimates.

The management continuously reviews the estimates and basic assumptions, and recognizes changes in accounting estimates during periods of change and future periods affected.

Companies may face economic uncertainties, such as COVID-19, natural disasters and inflation. These events may have a significant impact on the following accounting estimates made by the Company for the next financial year, as these estimates involve predictions for the future.

The accounting policies involve significant judgments and have a significant impact on the recognized amounts in the Consolidated Financial statements as follows:

(I) Judgment on whether the invested company has substantial control, please refer to the 2023 consolidated financial report.

(II) Lease period

The decision on the lease term is the non-cancellable period of the lease and the period covered by the lessee's reasonable determination that it will exercise the option to extend the lease, and the period covered by the lessee's reasonable determination that it will not exercise the option to terminate the lease. When assessing whether the lessee exercises the aforementioned option, the Company considers all relevant facts and circumstances that will cause economic incentives to the lessee. In addition, when the subsequent major events or circumstances that occur within the control of the lessee and will affect whether it can reasonably determine whether to exercise or not to exercise the option change significantly, it shall be reassessed. When there are changes in the evaluation during the lease period, the lease liability is re-measured and the right-of-use assets are adjusted. Please refer to Notes 6 (9) and 6 (13) for details.

The following assumptions and estimation uncertainties have significant risks that lead to significant adjustments in the carrying amount of assets and liabilities in the next financial year, and have reflected the impact of the COVID-19 epidemic. The relevant information is as follows:

(I) Allowance for losses on accounts receivable

The provision for losses on accounts receivable of the Company's textile manufacturing business is estimated based on assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions, and forward-looking estimates on each reporting day to determine the assumptions and input values to be used in calculating impairment. Please refer to Note 6 (3) for a detailed explanation of the relevant assumptions and input values.

(II) Evaluation of inventory

Due to the fact that inventory must be measured at the lower of cost or net realizable value, the Company evaluates the amount of inventory belonging to the textile manufacturing business at the reporting date due to normal wear and tear, obsolescence, or lack of market sales value, and offsets the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand during a specific period in the future, so significant changes may occur due to rapid industrial changes. Please refer to Note 6 (5) for detailed information on the valuation of inventory evaluation.

(III) Evaluation of investment property

The investment property of the Company adopts the fair value model, and the fair value of the investment property is re-measured on the report date. The fair value is based on the evaluation report of the external experts. Since the input value information of the evaluation model is unobservable information, and the fair value is calculated by the external experts using the evaluation technology according to a complex formula, changes in the input value may affect the evaluation results and cause significant adjustments. Please refer to Note 6 (10) for detailed evaluation of investment property.

The accounting policies and disclosures of the Company includes the use of fair value to measure financial and non-financial assets and liabilities. The financial department of the Company is responsible for conducting independent fair value verification, making the evaluation results close to the market state through independent source data, confirming that the source of data is independent, reliable, consistent with other resources, and represents the executable price, and regularly calibrating the evaluation model, conducting backtesting, updating the input values and data required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation results are reasonable. Investment property is evaluated by external appraisers appointed by the Company and regularly evaluated by the finance department in accordance with the evaluation methods and parameter assumptions announced by the FSC.

When measuring assets and liabilities, Company should use market observable input values as much as possible. The level of fair value is classified as follows based on the input value of evaluation technology:

Level 1: Public quoted prices (unadjusted) for the same assets or liabilities in the active market.

Level 2: Except for the publicly quoted prices included in Level 1, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.

Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

In case of transfer of fair value between different levels, the Company recognizes the transfer on the reporting date. Please refer to the following Notes for information about the assumptions used to measure fair value:

1. Note 6 (10), Investment Property
2. Note 6 (23), Financial instruments

VI. Explanation of important accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and petty cash	$ 1,580	1,122
Cheque and demand deposit	121,780	18,026
Cash and cash equivalents	$ 123,360	19,148

Please refer to Note 6 (23) for the disclosure of the exchange rate risk and sensitivity analysis of the financial assets of the Company.

(II) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income - current		
Equity instruments measured at fair value through other comprehensive income		
Domestic TWSE/TPEx Listed share-Shin Kong Financial Holding Co., Ltd.	$ 74,408	73,735
Domestic TWSE/TPEx Listed share-TAITA CHEMICAL COMPANY, LIMITED	19	27
Subtotal	74,427	73,762
Financial assets at fair value through other comprehensive income - non-current		
Equity instruments measured at fair value through other comprehensive income		
Domestic TWSE/TPEx Listed share-Shin Kong Financial Holding Co., Ltd.	158,546	157,112
Domestic TWSE/TPEx Listed share-I-HWA INDUSTRIAL CO., LTD.	40	37
Subtotal	158,586	157,149
Total	$ 233,013	230,911

Some equity instrument investments held by the Company is long-term strategic investments and not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

Due to the above designated equity instrument investment measured at fair value through other comprehensive income, the dividend income recognized by the Company in 2023 and 2022 was NT$1 thousand and NT$10,543 thousand respectively.

The Company did not dispose of strategic investments in the FY2023, and accumulated profits and losses during that period were not transferred to equity.

Please refer to Note 6 (23) for credit risk and market risk information.

Please refer to Note 8 for details on the situation where the financial assets of the Company are provided as collateral.

(III) Notes and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivable - arising from operations	$ 13,931	16,387
Accounts receivable - measured at amortized cost	254,967	225,197
Less: Allowance for losses	102,865	102,245
Subtotal	152,102	122,952
Accounts receivable - related party - measured at amortized cost	45,002	1,022
Total	**$ 211,035**	**140,361**

The Company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, which means that the expected credit loss during the duration is used to measure. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all amounts due according to the contract terms, and have been included in forward-looking information.

The expected credit loss analysis of customer complaint bills and accounts receivable of the Company as follows:

	December 31, 2023		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ -	100%	-
Overdue for 1-120 days	48	100%	48
Overdue for 121-365 days	76	100%	76
Overdue for more than 1 year	31,181	100%	31,181
Total	**$ 31,305**		**31,305**

	December 31, 2022		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ -	100%	-
Overdue for 1-120 days	29	100%	29
Overdue for 121-365 days	1,097	100%	1,097
Overdue for more than 1 year	36,770	100%	36,770
Total	**$ 37,896**		**37,896**

	December 31, 2023		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ 200,641	0%~13.58%	16,272
Overdue for 1-120 days	45,924	41.93%	19,258
Overdue for 121-365 days	9,114	100.00%	9,114
Overdue for 1 year	26,916	100.00%	26,916
Total	**$ 282,595**		**71,560**

	December 31, 2022		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ 126,257	0%~14.24%	12,439
Overdue for 1-120 days	47,911	44.60%	21,368
Overdue for 121-365 days	5,655	100.00%	5,655
Overdue for 1 year	24,887	100.00%	24,887
Total	**$ 204,710**		**64,349**

The Statement of Changes in Allowance for Loss on notes and accounts receivable of the Company as follows:

	2023	**2022**
Beginning balance	$ 102,245	117,471
Recognized impairment losses	62	-
Reversal of impairment losses	-	(15,226)
Ending balance	**$ 102,865**	**102,245**

The above financial assets have not been provided as collateral for borrowing and financing limits.

(IV) Other receivables

	December 31, 2023	**December 31, 2022**
Other receivables	$ 8,846	9,596
Less: Allowance for losses	2,663	2,796
Subtotal	6,183	6,800
Other receivables - related parties	7,949	6,329
Less: Allowance for losses	-	-
Subtotal	7,949	6,329
Total	**$ 14,132**	**13,129**

The Statement of Changes in Allowance for Loss on other receivables of the Company is as follows:

	2023	2022
Beginning balance	$ 2,796	4,937
Reversal of impairment losses	(133)	(2,083)
Amounts written off due to irrecoverability this year	-	(58)
Ending balance	$ 2,663	2,796

Other receivables are financial assets with low credit risk, so the allowance loss during the period is measured by 12-month expected credit loss.

(V) Inventory

	December 31, 2023	December 31, 2022
Manufacturing:		
Finished products	$ 601,500	601,915
Work-in-process products	484,115	421,852
Raw material	167,252	211,288
Material	18,387	18,383
Raw materials in transit	14,949	2,435
Subtotal	1,286,203	1,255,873
Construction:		
Buildings and land under construction	-	336,550
Buildings and land held for sale	239,637	231,047
Subtotal	239,637	567,597
Total	$ 1,525,840	1,823,470

The operating cost details of the Company are as follows:

	2023	2022
Transfer of inventory sales	$ 2,335,618	2,208,385
Gain from price recovery of inventory	(48,173)	-
Inventory loss	1,228	687
Income from sale of leftovers	(4,638)	(7,221)
	$ 2,284,035	2,201,851

The capitalized borrowing costs related to the construction of standard factory buildings in 2023 and 2022 were NT$0 thousand and NT$165 thousand respectively, calculated based on capitalization rates of 0% and 2.57%~2.93%, respectively.

Please refer to Note 8 for details on the situation where the inventory of the Company is provided as collateral.

(VI) Investments accounted for using equity method

The investments accounted for using equity method of the Company are listed as follows:

	December 31, 2023	December 31, 2022
Subsidiaries (Note)	$ 485,855	449,761
Associates	126,612	128,188
	$ 612,467	577,949

The balances of investment creditors (included in other non-current liabilities) using equity method are shown as follows:

Note: On December 31, 2023 and 2022, the net deferred gain on sale due to the sale of investments accounted for using equity method to the subsidiaries amounted to both NT$8,950 thousand, which was included as a deduction from investments accounted for using equity method.

There are no publicly quoted prices for the Company’s investments in subsidiaries and associates as of December 31, 2023 and 2022.

1. Subsidiaries

Please refer to the 2023 Consolidated Financial Report.

The Company acquired 100% of the equity of the subsidiary, Chia Her International Co,. Ltd, by cash of NT$3,218 thousand (USD100 thousand) in November 2023. In addition, as of December 31, 2023, the prepayments for investments paid to Chia Her International Co,. Ltd amounted to NT$1,582 thousand, which were recognized under non-current assets.

2. Associates

The associates invested by the Company December 31, 2023 and 2022 have no public quotation.

The consolidated financial information of associates of the Company using equity method, which are individually insignificant, is as follows. These financial information are based on the amounts included in the Company's Parent Company Only Financial statements:

	December 31, 2023	December 31, 2022
Closing summary carrying amount of equity of individual insignificant associates	$ 126,612	128,188

	2023	2022
Share attributable to the Company:		
Net income for the period from continuing operations	$ 30,228	13,483
Other comprehensive income	21,197	(17,187)
Total comprehensive income	$ 51,425	(3,704)

3. Guarantee

. Please refer to Note 8 for the pledge of the Company's investments accounted for using equity method

(VII) Loss of control over subsidiaries

The dissolution and liquidation of Texcom have been resolved by the board of directors in

September 2022, and the registration of cancellation has been completed on August 1, 2023. As of December 31, 2023, the liquidation payment has been remitted to the bank account of the Company in full.

The carrying amounts of assets and liabilities held by Texcom as of August 1, 2023 are as follows:

	August 1, 2023
Cash and cash equivalents	$ 100
Accounts receivables	1,970
	$ 2,070

(VIII) Property, Plant, and Equipment

The changes in the cost of property, plant and equipment, accumulated depreciation and impairment losses were as follows:

	Machinery equipment	Transportation equipment	Office and other equipment	Lease Improvements	Unfinished construction and equipment pending acceptance	Total
Cost or recognized cost:						
Beginning balance at January 1, 2023	$ 1,178,183	49,497	520,922	939	10,948	1,760,489
Addition	21,964	123	4,653	5,241	117,530	149,511
Disposal	(95,216)	-	(2,710)	-	-	(97,926)
Reclassification	110,448	-	3,030	-	(113,478)	-
Balance of December 31, 2023	$ 1,215,379	49,620	525,895	6,180	15,000	1,812,074
Beginning balance at January 1, 2022	$ 1,062,056	48,612	524,301	939	10,242	1,646,150
Addition	26,204	885	4,622	-	97,758	129,469
Disposal	(7,129)	-	(8,001)	-	-	(15,130)
Reclassification	97,052	-	-	-	(97,052)	-
Balance of December 31, 2022	$ 1,178,183	49,497	520,922	939	10,948	1,760,489
Accumulated depreciation and impairment losses:						
Beginning balance at January 1, 2023	$ 872,052	45,153	498,542	820	-	1,416,567
Depreciation	52,088	1,326	4,381	277	-	58,072
Disposal	(95,213)	-	(1,421)	-	-	(96,634)
Balance of December 31, 2023	$ 828,927	46,479	501,502	1,097	-	1,378,005
Beginning balance at January 1, 2022	$ 839,716	43,890	502,699	775	-	1,387,080
Depreciation	39,270	1,263	3,842	45	-	44,420
Disposal	(6,934)	-	(7,999)	-	-	(14,933)
Balance of December 31, 2022	$ 872,052	45,153	498,542	820	-	1,416,567
Carrying amount:						
December 31, 2023	$ 386,452	3,141	24,393	5,083	15,000	434,069
December 31, 2022	$ 306,131	4,344	22,380	119	10,948	343,922
January 1, 2022	$ 222,340	4,722	21,602	164	10,242	259,070

Please refer to Note 8 for the pledge of the Company's property, plant and equipment.

(IX) Right-of-use assets The changes in the cost and accumulated depreciation of the Company's leased premises and buildings, transportation equipment and other equipment are as follows:

	Buildings and structures	Transportation equipment	Other equipment	Total
Cost of right-of-use assets:				
Beginning balance at January 1, 2023	$ 696,448	2,806	323,350	1,022,604
Remeasurement arising from changes in lease payments and period	(63,839)	-	-	(63,839)
Balance of December 31, 2023	**$ 632,609**	**2,806**	**323,350**	**958,765**
Beginning balance at January 1, 2022	$ 694,329	1,764	323,350	1,019,443
Addition	2,119	1,042	-	3,161
Balance of December 31, 2022	**$ 696,448**	**2,806**	**323,350**	**1,022,604**
Accumulated depreciation of right-of-use assets:				
Beginning balance at January 1, 2023	$ 307,459	1,200	144,770	453,429
Depreciation for the current period	64,819	700	36,321	101,840
Balance of December 31, 2023	**$ 372,278**	**1,900**	**181,091**	**555,269**
Beginning balance at January 1, 2022	$ 229,656	529	108,449	338,634
Depreciation for the current period	77,803	671	36,321	114,795
Balance of December 31, 2022	**$ 307,459**	**1,200**	**144,770**	**453,429**
Carrying amount:				
December 31, 2023	**$ 260,331**	**906**	**142,259**	**403,496**
December 31, 2022	**$ 388,989**	**1,606**	**178,580**	**569,175**
January 1, 2022	**$ 464,673**	**1,235**	**214,901**	**680,809**

(X) Investment property

1. Investment property includes plants leased to third parties under operating leases and standard plants held by the Company. The original noncancelable period for investment properties leased out is from one to five years, and the rental income is a fixed amount.
2. The Company measures the following investment properties at fair value on a recurring basis, and the input values used in the fair value valuation technique are in Level 3. There were no transfers to or from Level 3 of the fair value hierarchy in 2023 and 2022, and the reconciliation between the opening and closing carrying amounts of Level 3 was as follows:

	Land	Buildings and structures	Total
Beginning balance at January 1, 2023	$ 2,048,815	148,456	2,197,271
Addition	-	1,350	1,350
Net gains (losses) resulting from fair value adjustments	172,679	(50,667)	122,012
Balance of December 31, 2023	**$ 2,221,494**	**99,139**	**2,320,633**
Beginning balance at January 1, 2022	$ 1,872,005	153,438	2,025,443
Disposal	(7,748)	(4,588)	(12,336)
Net gains (losses) resulting from fair value adjustments	184,558	(394)	184,164
Balance of December 31, 2022	**$ 2,048,815**	**148,456**	**2,197,271**

3. The following investment properties are subsequently measured using the income method, and the significant terms of the relevant contracts and valuation information are as follows:

	December 31, 2023	December 31, 2022
Valuation date	December 31, 2023	December 31, 2022
Marked	Land and buildings, as well as agricultural and pastoral land in the new urban area of Sanshe Vil., Xinshi Dist., Tainan City	Land and buildings, as well as agricultural and pastoral land in the new urban area of Sanshe Vil., Xinshi Dist., Tainan City
Important contracts:	1. NT$300/ping/month (Note) 2. Lease term: 2~14 months 3. Deposit: NT$180 thousand 4. The lessor shall bear the total amount of taxes and fees annually: NT$15,215 thousand	1. NT$286~404/ping/month (Note) 2. Lease term: 12~14 months 3. Deposit: NT$180 thousand 4. The lessor shall bear the total amount of taxes and fees annually: NT$10,815 thousand
Local rental market	NT$478~524/square meter/month (Note)	NT$449~524/square meter/month (Note)
Rental prices for similar targets	NT$478~524/square meter/month (Note)	NT$449~524/square meter/month (Note)
Current status	Normal use	Normal use
Past revenue amount	NT$300/ping/month (Note)	NT$286~404/ping/month (Note)
Capitalization rate of income	2.5%	2.5%
Discount rate	3.625%	3.625%
Valuation of outsourcing appraiser or self-valuation	Valuation of outsourcing appraiser and self valuation	Valuation of outsourcing appraiser and self valuation
Appraisal firm	Chang Hsing Property Appraisers Joint Firm	Chang Hsing Property Appraisers Joint Firm
Names of appraiser	Wu Kuo Shih, Huang Chien Chih	Wu Kuo Shih, Huang Chien Chih
Fair value of outsourcing appraiser	NT$2,284,279 thousand	NT$2,160,917 thousand
Fair value of self-valuation	NT$36,354 thousand	NT$36,354 thousand

Note: The selection of the land and building rent comparison cases in the appraisal report was based on the land use of the surveyed subject land and the selection of three appropriate comparison cases within a similar area in Tainan City, and after analysis, comparison, and adjustment, the reasonable market rents of the subject land and buildings were determined.

In accordance with Article 28 of the Technical Rules Governing the Valuation of Property, the income method may be used to estimate the income price by direct capitalization and discounted cash flow analysis. In accordance with Rule 34 of the same Regulations, the valuation procedures are to derive effective gross income, derive total expenses, calculate net income, determine the capitalization rate or discount rate of income and calculate the price of income. The above parameters were estimated by collecting the relevant data of the subject of the survey and the comparative subject with the same or similar characteristics for the last three years, and adjusting them by considering their continuity, stability and growth to confirm the availability and reasonableness of the data. The changes in income (cash inflows) and expenses (cash outflows) in future periods are determined based on the historical income and expenses (cash flows) of the subject of the survey, income and expenses (cash flows) of the same industry or alternative comparable subjects, idle or loss ratios, and current or probable future planned income and expenses. The objective net income after deducting the total expenses is based on the objective net income from the most efficient use of the subject property and the income from the most efficient use of similar property in the vicinity. In accordance with Article 9 of the Regulations Governing the Preparation of Financial statements by Securities Issuers, the discount rate under the income method is limited to the risk premium method, which is based on a certain interest rate plus the individual characteristics of the investment property. The stated interest rate shall not be less than the two-year postal time deposit rate plus three cents.

A description of the foregoing fair value valuation techniques and significant unobservable inputs is presented in the following table:

Fair Value Valuation Techniques	Significant Unobservable Inputs	Relationship between significant unobservable inputs and fair value measurements
Management evaluates the income approach valuation technique and measures the impact of the estimates used in the valuation technique. These estimates were evaluated by the Company and it was determined that these estimates were consistent with those used by market participants. The income approach uses the discounted cash flow method, which takes into account the present value of the estimated net cash flows generated from the facility, which is calculated using a risk-adjusted discount rate. The discounted cash flow method takes into account the net income (total effective revenue less total expenses), expected market rental growth rate, idle period and income capitalization rate for each period that the subject of the survey can generate cash flow. The discount rate should take into account the quality and location of the building, the credit standing of the lessee and the lease term.	· The expected market rental growth rates were both 0.92% as of December 31, 2023 and 2022 · The idle period is 2.4 months as of December 31, 2023 and 2022. · The earnings capitalization rates were both 2.5% as of December 31, 2023 and 2022. · The risk-adjusted discount rates of December 31, 2023 and 2022 were both 3.625%.	The estimated fair value would increase (or decrease) if: · Expected increase (decrease) in market rental growth rate. · Shortened (extended) idle period. · Increase (decrease) in revenue capitalization rate. · Decrease (increase) in risk-adjusted discount rate.

Some of the land acquired by the Company for business purposes cannot be transferred in the name of the Company because the land is agricultural and livestock land, and is temporarily registered in the name of the main management with farming status, the land has been secured and pledged to the Company. The amount of the aforementioned land is both NT$30,722 thousand as of December 31, 2023 and 2022.

Please refer to Note 8 for the pledge of the Company's investment properties as collateral.

(XI) Notes payables and long-term and short-term borrowings

The details, terms and conditions of the Company's long-term and short-terms loans are as follows:

		December 31, 2023	December 31, 2022
Unsecured bank loans - USD	$	162,152	36,212
Unsecured bank loans - NTD		198,947	198,806
Guaranteed Bank Loans - USD		-	40,927
Guaranteed Bank Loans - NTD		662,845	628,533
Long-term unsecured bank loans - NTD		108,624	159,739
Long-term guaranteed bank loans - NTD		1,597,755	1,616,385
Other long-term secured loans - NTD		81,398	57,908
Total	**$**	**2,811,721**	**2,738,510**
Current	$	1,274,511	1,103,571
Non-current		1,537,210	1,634,939
Total	**$**	**2,811,721**	**2,738,510**
Unused short-term borrowings	**$**	**384,572**	**541,848**
Unused long-term borrowings	**$**	**200,616**	**278,920**
Short-term borrowing rate range		**2.7%~7.856%**	**1.2134%~7.3584%**
Long-term borrowing rate range		**2.095%~6.47%**	**1.345%~8%**
Year of maturity of long-term borrowings		**2024～2027**	**2023～2027**

The Consolidated Company borrowed NT$30,000 thousand from non-related parties for short-term working capital requirements at the interest rate of 4% with total interest payment of NT$576 thousand for the year ended December 31, 2023. The borrowing is due in January 2024. As of December 31, 2023, the unpaid payment for the aforementioned transaction amounted to NT$30,576 thousand, which is recognized under notes payables. There is no this kind of transaction for the year ended December 31, 2022.

Please refer to Note 8 for the Company‘s pledged assets as collateral for bank loans.

(XII) Corporate bonds payable

Information on the issuance of unsecured convertible bonds by the Company in 2022 is as follows:

	December 31, 2022
Total amount of convertible bonds issued	$ 25,000
Cumulative Converted Amount	(25,000)
Unamortized balance of discount on bonds payable	-
Ending balance of corporate bonds	$ -

	2022
Interest expenses (effective interest rate is 4.5%)	$ 563

1. The Company issued the second domestic unsecured convertible bonds in a private placement on July 23, 2019, for NT$25,000 thousand, with the following major issuance terms:
   (1) Coupon rate: 4.5%.
   (2) Issue term: three years (July 23, 2019 to July 23, 2022).
   (3) Repayment method: Except for the exercise of conversion rights in accordance with the regulations, the principal is repaid at maturity in one lump sum by money order or check at the face value of the bond plus any unpaid interest.
   (4) Redemption method: None.
   (5) Buyback method: None.
   (6) Conversion method:
      A. Creditors may request the Company to exercise their conversion rights at any time from the day after the third year from the date of issue.
      B. Conversion price: The conversion price was NT$3.63 per share at the time of issuance.
      C. After the issuance of the bonds, except for the conversion of common shares by various negotiable securities with conversion rights or shares options issued by the Company, if there is a change in the shares of ordinary shares issued by the Company (including private placements) or if there is a reissue of various negotiable securities with conversion rights or shares options below the conversion price at that time, the conversion price will be adjusted in accordance with the formula set forth in the Conversion Law.

   Please refer to Note 6 (17) for information on the conversion of the Company's common stock in 2022 due to the exercise of conversion rights by holders of convertible bonds. There is no this kind of transaction in 2023.

(XIII) Lease liabilities

The Company's lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Current	$ 98,981	114,293
Non-current	334,908	476,387
	$ 433,889	590,680

Please refer to Note 6 (23) Financial Instruments for maturity analysis.

The amounts recognized in profit or loss were as follows:

		2023	2022
Interest expense on lease liabilities	$	9,905	13,273
Short-term lease expense	$	1,774	1,044

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

		2023	2022
Total cash outflow from leases	$	104,631	126,166

1. Leasing of buildings and structures

   The Company leases buildings and structures as factory and office premises for a period of 10 to 15 years for the factory and 2 to 5 years for the office. The Company substantially determines that the lease contains an option to extend the lease for the same period as the original contract at the end of the lease term.

2. Other leasing

   The Company leases transportation equipment and other equipment for a period of three to five years.

   In addition, the Company leases land, offices, staff quarters and parking lots under short-term leases or leases ending within 12 months after the initial application date, and the Company elects to apply the exemption from recognition and does not recognize its related right-to-use assets and liabilities.

(XIV) Operating lease

The Company leases out its investment property, which is classified as an operating lease because it does not transfer substantially all the risks and rewards incidental to the ownership of the subject assets, as described in Note 6 (10) Investment Property.

The maturity analysis of lease payments to report the total undiscounted lease payments to be received in the future is presented in the following table:

		December 31, 2023	December 31, 2022
Less than 1 year	$	26,630	51,444
1-2 years		3,447	1,516
Total undiscounted lease payments	$	30,077	52,960

Please refer to Note 6 (20) for information on rental income generated from operating leases in 2023 and 2022. In addition, the direct operating expenses arising from the above operating leases were NT$0 for both 2023 and 2022.

(XV) Employee benefits

1. Defined benefit plan

   A reconciliation of the present value of the Company's defined benefit obligation to the fair value of plan assets is as follows:

		December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$	21,580	20,556
Fair value of plan assets		(4,414)	(4,706)
Net defined benefit obligation	$	17,166	15,850

The defined benefit plan of the Company is transferred to the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement benefit for each employee subject to the Labor Standards Law is calculated on the basis of the number of years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The Company's retirement fund under the Labor Standards Law is managed by the Bureau of Labor Fund Application (hereinafter referred to as the Bureau of Labor Fund) of the Ministry of Labor. According to the "Regulations Governing the Custody and Use of Labor Retirement Fund", the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

As of December 31, 2023 and 2022, the balances of the Company's Bank of Taiwan Labor Retirement Fund accounts totaled NT$4,414 thousand and NT$4,706 thousand, respectively. Information on the use of the Labor Pension Fund's assets, including fund yields and fund asset allocation, is available on the website of the Bureau of Labor Fund Utilization, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

The changes in the present value of the Company's defined benefit obligation are as follows:

		2023	2022
Defined benefit obligations as of January 1	$	20,556	27,238
Current service cost and interest		883	874
Benefits paid by the plan of the Company		(3,141)	(3,714)
Net defined benefit liability Remeasurement			
Actuarial profits and losses arising from changes in financial assumptions		430	(4,037)
Experience Adjustment		2,852	195
Defined benefit obligations as of December 31	**$**	**21,580**	**20,556**

(3) Changes in the fair value of plan assets

The changes in the fair value of the Company's defined benefit plans were as follows:

		2023	2022
Fair value of plan assets as of January 1	$	4,706	5,825
Amount contributed to the plan		2,741	1,760
Benefits paid by the plan		(3,141)	(3,424)
Expected return on plan assets		65	34
Remeasurement on net defined benefit assets			
Return on plan assets (excluding current interest)		43	511
Fair value of plan assets as of December 31	**$**	**4,414**	**4,706**

(4) Expenses recognized in profit or loss

The details of the Company reported profits and losses are as follows:

		2023	2022
Current service costs	$	518	686
Interest costs		365	188
Expected return on plan assets		(65)	(34)
	$	**818**	**840**
Operating costs	$	517	572
Marketing expenses		85	80
Administrative expenses		157	94
Research and development expenses		59	94
	$	**818**	**840**

(5) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of the defined benefit obligation as of the date of the financial statements are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.875%	2.00%
Future Salary Increase Rate	1.00%	1.00%

The Company expects to pay a contribution of NT$3,000 thousand to the defined benefit plan within one year after the reporting date in 2023. The weighted-average duration of the defined benefit plan is 15.94 years.

(6) Sensitivity analysis

The effect of changes in key actuarial assumptions on the present value of the defined benefit obligation when adopted as of December 31, 2023 and 2022 is as follows:

	Effect on defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (change by 0.25%)	(3.94)%	4.16%
Future Salary Increase Rate (change by 0.25%)	4.11%	(3.92)%
December 31, 2022		
Discount rate (change by 0.25%)	(3.38)%	3.51%
Future Salary Increase Rate (change by 0.25%)	3.48%	(3.34)%

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liability at the balance sheet date.

The methodology and assumptions used to compile the sensitivity analysis in this period are the same as those used in the previous period.

2. Determine the allocation plan

The defined contribution plan of the Company is based on the Labor Pension Act, and the contribution rate is 6% of the employees' monthly wages to the personal pension account of the Bureau of Labor Insurance. After the Company contributes a fixed amount to the Bureau of Labor Insurance under this plan, there is no legal or constructive obligation to pay additional amounts.

The Company's pension costs under the defined contribution pension plan were NT$18,229 thousand and NT$19,039 thousand for 2023 and 2022, respectively, and were contributed to the Bureau of Labor Insurance.

3. Short-term paid leave liability

	December 31, 2023	December 31, 2022
Short-term paid leave liability (included in payables on paid leave)	$ 4,537	5,189

(XVI) Income tax

1. Income tax expense

The details of income tax expense of the Company are as follows:

	2023	2022
Current income tax expense	$ -	-
Deferred income tax expense		
Land value increment tax	58,005	18,087
	$ 58,005	**18,087**

The Company's income tax expense recognized directly in equity and other comprehensive income were NT$0 in both 2023 and 2022.

A reconciliation of the Company's income tax expense to net income before income taxes is as follows:

	2023	2022
Profit before income tax	$ 109,468	103,542
Income tax calculated at the domestic tax rate of the Company	21,894	20,708
Tax-exempt proceeds from land and its costs	(12,728)	(1,400)
Fair value adjustment benefit - investment property (land)	(34,536)	(36,911)
Effect of investment profit and loss recognized by the equity method	(12,317)	(3,809)
Dividend income	-	(2,109)
Expenses that are not deductible according to the tax law	5	64
Change in tax effect of current tax loss on unrecognized deferred income tax assets	39,429	32,060
Change in the tax effect of unrecognized deductible temporary differences	(1,979)	(8,631)
Land value increment tax	58,005	18,087
Other	232	28
Total	**$ 58,005**	**18,087**

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items that the Company unrecognized deferred income tax assets are as follows:

	December 31, 2023	December 31, 2022
Amount of deductible temporary differences (Note 1)	$ 263,678	270,332
Amount of tax loss (Note 2)	1,933,031	1,984,937
	$ 2,196,709	**2,255,269**

Note 1: The income tax expense (benefit) attributable to other comprehensive income was NT$(648) thousand and NT$871 thousand in 2023 and 2022, respectively.

Note 2: The tax effects of unused and approved differences in loss deduction period for the 2023 and 2022 were NT$42,809 thousand and

NT$33,567 thousand, respectively.

In accordance with the Income Tax Act, losses for the previous ten years may be deducted from the net income of the year before the tax authorities approve the tax loss, and then the income tax will be assessed. These items are unrecognized as deferred income tax assets because it is not probable that sufficient taxable income will be available in the future for the Company to utilize the temporary differences.

As of December 31, 2023, the Company has not recognized tax losses as deferred income tax assets, which are deductible over the following periods:

Year of incurring loss	**Loss carryforwards not yet deducted**	**Last valid year**
Approved in 2014	$ 271,362	2024
Approved in 2015	94,170	2025
Approved in 2016	287,613	2026
Approved in 2017	254,848	2027
Approved in 2018	179,407	2028
Approved in 2019	153,224	2029
Approved in 2020	246,574	2030
Approved in 2021	117,608	2031
Declared in 2022	149,911	2032
Expect to declare in 2023	178,314	2033
	$ 1,933,031	

(2) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities were as follows：

	Loss carryforwards
Deferred income tax assets:	
Beginning balance as of January 1, 2023	$ -
Credited in profit or loss	3,235
Balance as of December 31, 2023	**$ 3,235**
Beginning balance as of January 1, 2022 (which is the balance as of December 31, 2022)	**$ -**

	Land value increment tax	**Unrealized gains on sales**	**Total**
Deferred income tax liabilities:			
Beginning balance as of January 1, 2023	$ 383,475	-	383,475
Payment for sale of land	(54,456)	-	(54,456)
Debited in profit or loss	58,005	3,235	61,240
Balance as of December 31, 2023	**$ 387,024**	**3,235**	**390,259**
Beginning balance as of January 1, 2022	$ 404,507		
Payment for sale of land	(39,119)		
Debited in profit or loss	18,087		
Balance as of December 31, 2022	**$ 383,475**		

3. Income tax approved situation:
The Company’s income tax returns have been approved by the tax authorities until 2021.

(XVII) Capital and other equity

As of December 31, 2023 and 2022, the Company’s total authorized share capital is NT$7 billion and the paid-in common share capital is NT$849,514 thousand and NT$806,690 thousand, respectively, and the capital collected in advance is NT$2,587 thousand and NT$923, respectively, with a par value of NT$10 per share.

A reconciliation of the number of outstanding shares for the years 2023 and 2022 is as follows

Unit: Thousands of shares

	2023	**2022**
Beginning balance	80,761	113,415
Stock dividend	2,423	-
Employee stock option execution	2,026	618
Conversion of corporate bonds	-	3,218
Capital reduction to make up for losses	-	(36,490)
Ending balance	**85,210**	**80,761**

1. Share capital of ordinary share

The Company resolved by the shareholders meeting on June 27, 2023 to issue 2,423 thousand of new shares to increase capital by earnings of NT$24,231 thousands, with par value of NT$10 per share. The base date of the capitalization of earnings is November 6, 2023, and the relevant legal registration procedures have been completed.

The Company resolved by the regular shareholders meeting on June 24, 2022 to implement capital reduction to cover up losses amounting to NT$364,900 thousand, with the capital decrease rate of 31,15%. The capital reduction has been approved by the Financial Supervisory Commission, and the base date of the capital reduction is September 20, 2022. The relevant legal registration procedures have been completed.

The Company converted the domestic private placement unsecured corporate bonds of NT$25,000 thousand into 3,218 thousand of ordinary shares, which were issued at par with total amount of NT$32,175 thousand, for the conversion right executed by the convertible bonds’ holders in 2022. The relevant legal registration procedures have been completed.

The Company issued 92 thousand of ordinary shares at NT$15,63 per share for the employee stock option executed in the fourth quarter of 2022. The payment for the shares of NT$1,443 thousand has been collected. The relevant legal registration procedures have been completed.

The Company issued 1,202 thousand of ordinary shares at NT$10,76 per share for the employee stock option executed in the fourth quarter of 2021. The payment for the shares of NT$12,935 thousand has been collected. The relevant legal registration procedures have been completed.

The Company issued 2,026 thousand and 618 thousand of ordinary shares at NT$15.63, NT$15.44, and NT$10.76, NT$15.63 per share for the employee stock option executed in 2023 and 2022, respectively. The payment for the shares of NT$31,613 thousand and NT$7,104 thousand have been collected. As of December 31, 2023 and 2022, the relevant legal registration procedures 259 thousand of shares and 92 thousand of shares have not been completed, respectively, which were recognized under capital collected in advance. The share capital of ordinary shares recognized amounted to NT$17,670 thousand and NT$5,262 thousand, the capital collected in advance recognized amounted to NT$2,587 thousand and NT$923 thousand, the capital surplus – additional paid-in capital recognized amounted to NT$11,356 thousand and NT$919 thousand, and capital surplus – employee stock option transferred to capital surplus – additional paid-in capital amounted to NT$3,157 thousand and NT$957 thousand for the aforementioned employee stock option execution, for the years ended December 31, 2023 and 2022, respectively.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	December 31, 2023	December 31, 2022
Changes in net equity in associated companies recognized by the equity method	$ 68,333	68,333
Lapsed stock options for convertible bonds	8,860	8,860
Employee share options	10,634	14,946
Lapsed employee share options	1,888	733
Share premium on issue	31,668	17,155
	$ 121,383	110,027

In accordance with the Company Law, capital surplus must be used to cover losses before new shares or cash can be issued to shareholders in proportion to the realized capital surplus. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Rules Governing the Issuer's Capital Raising and Issuance of Negotiable Securities, the total amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

3. Retention of surplus

According to the Articles of Incorporation, if there is any net profit after closing of a fiscal year, the Company shall first pay income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company; and then set aside or reverse a special reserve in accordance with the laws or the regulations of competent authorities. If there is still remaining balance, the board of directors shall prepare a proposal for distribution. The Company may authorize the distributable dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

In accordance with the original Articles of Incorporation, the distribution of dividends to shareholders shall be made in the form of cash and stock dividends, of which no less than 10% of the total dividends shall be distributed in cash, except that cash dividends of less than NT$0.1 per share shall not be paid and shall be paid in stock dividends instead. The Articles of Incorporation has been revised by the resolution of the regular shareholders meeting on June 27, 2023, that the distribution of dividends shall consider the characteristics of changes in industrial cycle, and the effects of products lifecycle on future fund demand and tax system, and implemented under the target of maintaining stable dividends. The dividends distributed shall not be less than 30% of the distributable earnings of the year, and the ratio of cash dividend shall not be less than 10% of total distribution.

(1) Legal reserve

If the Company has no losses, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, but only to the extent that the reserve exceeds 25% of the paid-in capital.

(2) Special reserve

The Company has elected to adopt the fair value model for subsequent measurement of investment property. In accordance with the FSC regulations, the Company should set aside special reserve in the following order when distributing distributable earnings each year:

(i) For the net increase in fair value arising from the continued application of the fair value model to investment property carried at fair value through subsequent periods, a special reserve of the same amount as the prior period's undistributed earnings is provided for from the current period's net profit after tax plus the amount included in the current period's undistributed earnings other than the current period's net profit after tax; if the amount is a net increase in the cumulative fair value of the prior period, a special reserve of the same amount from the undistributed earnings of the prior period shall not be distributed. If there is a subsequent decrease in the cumulative net increase in the fair value of investment property or if investment property is disposed of, the decrease may be reversed and the earnings distributed according to the circumstances of the disposal.

(ii) A special reserve of the same amount as the difference between the market value of the parent company's shares and the carrying amount of the parent company's shares at the end of the period shall not be distributed based on the percentage of the shares held. If the market price subsequently recovers, the amount may be reversed to a special reserve in proportion to the shareholding.

(iii) The difference between the net decrease in other shareholders' equity recorded in the current year and the balance of the special reserve provided for in the first-time adoption of IFRSs is added to the current period's unappropriated earnings from net income plus items other than current period's net income and the special reserve provided for in the prior period's unappropriated earnings; The amount of other shareholders' equity accumulated in prior periods is not distributable from the special reserve from prior periods' undistributed earnings. If there is a subsequent reversal in the amount of other shareholders' equity reduction, the reversed portion of the surplus may be distributed.

4. Earnings distribution

The Company has resolved by the regular shareholders meeting on June 27, 2023 the amount of stock dividends of the earnings distribution proposal of 2022. The Company has no accumulated earnings available for distribution in 2021, and the related information can be accessed through the Market Observation Post System. The dividends distributed to owners are as follows:

	2022	
	Payout ratio (NT$)	**Amount**
Dividends distributed to owners of ordinary shares:		
Stock	$ 0.2936131	**24,231**

The Company has resolved the amount of cash dividends, and proposed the amount of stock dividends of the earnings distribution proposal of 2023 by the board of directors on March 14, 2024. The dividends distributed to owners are as follows:

	2023	
	Payout ratio (NT$)	Amount
Dividends distributed to owners of ordinary shares:		
Cash	$ 0.036	3,068
Stock	0.324	27,608 (Note)
Total		$ 30,676

Note: To be resolved by the shareholders meeting. The related information can be accessed through the Market Observation Post System.

5. Other equity (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Gains on revaluation	Total
Beginning balance at January 1, 2023	$ -	70,066	472,672	542,738
Exchange differences on translation of financial statements of foreign operations－subsidiaries	21	-	-	21
Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income:				
The Company	-	2,103	-	2,103
Subsidiaries	-	1,902	-	1,902
Associates	-	21,200	-	21,200
Disposal of equity instruments measured at fair value through other comprehensive income by associates	-	(10,335)	-	(10,335)
Balance of December 31, 2023	$ 21	84,936	472,672	557,629
Beginning balance at January 1, 2022	$ -	93,747	472,672	566,419
Unrealized valuation profits or losses on financial assets at fair value through other comprehensive income:				
The Company	-	(60,043)	-	(60,043)
Subsidiaries	-	54,678	-	54,678
Associates	-	(17,311)	-	(17,311)
Disposal of equity instruments measured at fair value through other comprehensive income by associates		(1,005)	-	(1,005)
Balance of December 31, 2022	$ -	70,066	472,672	542,738

(XVIII) Share-based payment

Employee share options

On November 13, 2018, the Company's Board of Directors approved a plan to grant stock options to certain employees. The total number of stock options approved for employees under the plan is 18,000 thousand units, and 18,000 thousand units will be issued for one share of the Company's ordinary shares per unit of share option.

In November 2017, the Company established a compensation employee stock option plan and used the fair value method to estimate the compensation cost and a binary tree valuation model to estimate the fair value of the grant date stock options to give the number, performance price and vesting conditions and the information of each assumption is presented below:

Giving Day	2018.11.30
Number of Giving	18,000 thousand shares
Contract price	NT$ 5.02 per share
Vested Conditions	The cumulative percentage of stock options exercised by employees is 50%, 80% and 100% upon the expiration of 2, 3 and 4 years from the date of stock option grant, respectively.
Expected price volatility	46.35%
Risk-free interest rate	0.8215%
Expected duration	6 years

Details of the above employee share options are as follows:

	2023		2022	
	Weighted average exercise price (NT$)	**Number of share options**	**Weighted average exercise price (NT$)**	**Number of share options**
Quantity in circulation on January 1	$ 15.63	9,587,900	10.76	10,298,400
Number of executions in the period	15.61	(2,025,700)	11.49	(618,500)
Number of expired issues	-	(739,400)	-	(92,000)
Quantity in circulation on December 31	15.44	6,822,800	15.63	9,587,900
Executable quantity on December 31	15.44	6,822,800	15.63	9,587,900

As the Company implemented capitalization of earnings in 2023, the subscription price of employee stock options has been adjusted from NT$15.63 per share to NT15.44 per share.

As the Company implemented capital reduction to cover up losses in 2022, the subscription price of employee stock options has been adjusted from NT$10.76 per share to NT15.63 per share.

The compensation cost of NT$0 thousand and NT$758 thousand for the year 2023 and 2022, respectively, resulting from the employee share option plan is included in operating expenses and capital surplus - employee stock options.

(XIX) Earnings per share

The calculation of basic earnings per share and diluted earnings per share is as follows:

	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	$ 51,463	85,455
Weighted-average number of ordinary shares outstanding (in thousands)	84,002	80,907
Basic earnings per share (NT$)	$ 0.61	1.06
Net income attributable to equity holders of the Company's ordinary shares	$ 51,463	85,455
Effect of dilutive potential ordinary shares:		
Convertible corporate bonds	-	450
Net income attributable to equity holders of the Company's ordinary shares (After adjusting for the effect of dilutive potential ordinary shares)	$ 51,463	85,905
Weighted-average number of ordinary shares outstanding (in thousands)	84,002	80,907
Effect of dilutive potential ordinary shares:		
Convertible corporate bonds (thousand shares)	-	1,131
Employee share options (thousand shares)	1,495	-
Employee profit-sharing compensation (thousands shares)	305	268
Weighted average number of ordinary shares outstanding (after adjusting for the effect of dilutive potential ordinary shares) (thousand shares)	85,802	82,306
Diluted earnings per share (NT$)	$ 0.60	1.04

The employee stock options issued in 2022 were potentially dilutive ordinary shares, but the average market price for the period did not exceed the exercise price of the employee share options and therefore were not dilutive.

(XX) Revenue from contracts with customers

1. Breakdown of income

	2023						
	First Dyeing Business	**Long Fiber Business**	**Spinning Business**	**Construction Business**	**Investment Business**	**Other Businesses**	**Total**
Major regional markets:							
Taiwan	$ 309,522	47,345	136,717	529,456	50,545	7,901	1,081,486
Asia (Excluding Taiwan)	566,436	609,505	110,144	-	-	-	1,286,085
Other regions (less than 10%)	65,002	259,057	2,120	-	-	-	326,179
	$ 940,960	**915,907**	**248,981**	**529,456**	**50,545**	**7,901**	**2,693,750**
Main Products:							
Merchandising	$ 940,960	915,907	248,981	-	-	7,901	2,113,749
Sales of premises	-	-	-	529,456	-	-	529,456
Rental income from investment properties	-	-	-	-	50,545	-	50,545
	$ 940,960	**915,907**	**248,981**	**529,456**	**50,545**	**7,901**	**2,693,750**

	2022						
	First Dyeing Business	**Long Fiber Business**	**Spinning Business**	**Construction Business**	**Investment Business**	**Other Businesses**	**Total**
Major regional markets:							
Taiwan	$ 397,085	54,722	148,949	373,161	29,648	33,697	1,037,262
Asia (Excluding Taiwan)	602,536	559,399	33,599	-	-	-	1,195,534
Other regions (less than 10%)	27,231	213,558	4,765	-	-	-	245,554
	$ 1,026,852	**827,679**	**187,313**	**373,161**	**29,648**	**33,697**	**2,478,350**
Main Products:							
Merchandising	$ 1,026,852	827,679	187,313	-	-	33,697	2,075,541
Sales of premises	-	-	-	373,161	-	-	373,161
Rental income from investment properties	-	-	-	-	29,648	-	29,648
	$ 1,026,852	**827,679**	**187,313**	**373,161**	**29,648**	**33,697**	**2,478,350**

2. Contract balance

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Notes and accounts receivable (including related parties)	$ 313,900	242,606	262,638
Less: Allowance for losses	(102,865)	(102,245)	(117,471)
Total	**$ 211,035**	**140,361**	**145,167**
Contract Liabilities - Commodities	$ 66,446	65,992	35,900
Contract Liabilities - Premises	39,798	119,326	131,215
Total	**$ 106,244**	**185,318**	**167,115**

Please refer to Note 6 (3) for the disclosure of notes and accounts receivable and impairment.

The beginning balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NT$138,382 thousand and NT$74,904 thousand in 2023 and 2022, respectively.

The change in contract liabilities mainly arises from the difference between the point at which the Company transfers goods to customers to satisfy its performance obligations and the point at which customers pay.

(XXI) Employees' and directors' remuneration

In accordance with the Company's Articles of Incorporation, 4% of the annual profit shall be appropriated as remuneration to employees and not more than 4% as remuneration to directors. However, if the Company still has accumulated losses, the amount of compensation shall be reserved in advance. The aforementioned employee compensation in the form of stock or cash may include specific employees of the subordinate company who meet certain conditions, and the "conditions" and "specific employees" shall be resolved by the Board of Directors.

According to the Company's Articles of Incorporation revised by the resolution of regular shareholders meeting on June 27, 2023, the Company shall allocate remuneration to employees at the rate of no lower than 4% of annual profits, and to directors at the rate of no higher than 4% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' remuneration shall be distributed in stock or cash, which may include specific employees of affiliated companies who meet certain conditions. and the "conditions" and "specific employees" shall be resolved by the Board of Directors.

Employees' remunerations amounted to NT$4,760 thousand and NT$4,215 thousand, and directors' remuneration amounted to NT$4,760 thousand and NT$4,215 thousand for the years ended December 31, 2023 and 2022, respectively, which were accrued by the amount of net income before tax in the period before deducting employees' and directors' remunerations multiplying the distribution ratios indicated in the Company's Articles of Incorporation, and recognized as the operating costs or operating expenses in the period. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors resolves to pay compensation to employees in shares, the number of shares is calculated based on the closing price of the shares on the day before the Board of Directors' resolution.

The aforementioned amounts of employees' and directors' remuneration resolved by the board of directors are not different from the amounts accrued in the financial statements for the years ended December 31, 2023 and 2022. The related information can be accessed through the Market Observation Post System.

(XXII) Non-operating income and expenses

1. Other income

	2023	2022
Dividend income	$ 1	10,543

2. Other gains and losses

Other gains and losses of the Company are summarized as follows:

	2023	2022
Net gains (losses) on foreign currency exchange	$ (1,116)	7,055
Net gains on disposal of investment properties	-	97
Net gains (losses) on disposal of property, plant, and equipment	4,145	(150)
Revenue from sales of samples	7,450	8,377
Government grant revenue	7,639	99
Compensation Income	3,717	4,448
Others	1,394	11,044
	$ 23,229	30,970

3. Financial Costs

The financial cost breakdown of the Company is as follows:

	2023	2022
Interest expense - bank loans	$ 80,062	70,303
Interest expense - convertible bonds	-	563
Interest expense - lease liabilities	9,905	13,273
Interest expense - other	11,755	7,226
	$ 101,722	91,365

(XXIII) Financial instruments

1. Credit risk

   (1) Exchange rate risk of the risk of violence

   The carrying amount of financial assets represents the maximum amount of credit risk.

   (2) Concentration of credit risk

   The Company has a large customer base and does not concentrate its sales to a single customer. Therefore, there is no significant concentration of credit risk in accounts receivable. The Company strictly monitors the creditworthiness of its customers and has not suffered significant credit risk losses. All sales are made to large companies with good credit ratings, while sales to smaller companies require prepayment or guarantees as necessary.

   (3) Credit risk of receivables

   Please refer to Notes 6 (3) and 6 (4) for information on credit risk exposures and allowance for impairment for notes receivable, accounts receivable and other receivables.

2. Liquidity risk

   The following table shows the contractual maturities of financial liabilities, including estimated interest but excluding the effect of netting agreements

	Carrying amount	**Contract Cash Flow**	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
December 31, 2023						
Non-derivative financial liabilities						
Variable rate instrument	$2,730,323	2,787,072	1,253,217	1,428,246	105,609	-
Fixed rate instrument	101,398	104,450	95,385	9,065	-	-
No interest-bearing liabilities	546,467	546,467	546,467	-	-	-
Lease liabilities	433,889	453,067	106,940	114,716	224,635	6,776
	$3,812,077	**3,891,056**	**2,002,009**	**1,552,027**	**330,244**	**6,776**
December 31, 2022						
Non-derivative financial liabilities						
Variable rate instrument	$2,680,602	2,741,621	1,108,593	1,471,231	161,797	-
Fixed rate instrument	57,908	59,700	46,462	13,238	-	-
No interest-bearing liabilities	542,358	542,358	542,358	-	-	-
Lease liabilities	590,680	622,310	125,276	124,407	361,068	11,559
	$3,871,548	**3,965,989**	**1,822,689**	**1,608,876**	**522,865**	**11,559**

   The Company does not expect the timing of cash flows for the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

3. Exchange rate risk

   (1) Exchange rate risk of the risk of violence

   The Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange rate	Taiwan Dollar	Foreign Currency	Exchange rate	Taiwan Dollar
Financial assets						
Monetary items						
USD (thousand)	$ 7,500	30.664	229,991	5,471	30.719	168,072
Financial liabilities						
Monetary items						
USD (thousand)	4,289	30.664	131,522	2,573	30.719	79,038

(2) Sensitivity analysis

The exchange rate risk of the Company mainly arises from cash and cash equivalents denominated in foreign currencies, accounts receivable, loans and other payables, which result in foreign currency exchange profits and losses upon translation. As of December 31, 2023 and 2022, when the New Taiwan dollar depreciates or strengthens by 1% against the U.S. dollar, with all other factors held constant, net income after tax would decrease or increase by NT$788 thousand and NT$712 thousand in 2023 and 2022, respectively. The same basis was used for the analysis in both periods.

Information on the translation of monetary items of the Company (both realized and unrealized) into the exchange rate of functional currency of the New Taiwan dollar of the Company is as follows:

	2023	2022
	Losses on exchange	Gains on exchange
USD	$ (1,116)	7,055

4. Interest rate analysis

The Company's interest rate risk on financial liabilities is described in Liquidity Risk Management in this note.

The following sensitivity analysis is based on the interest rate risk of the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the reporting date is outstanding for the entire year. The rate of change used in the Company's internal reporting of interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased or decreased by 1%, the Company's net income would have increased or decreased by NT$21,843 thousand and NT$21,445 thousand in 2023 and 2022, respectively, with all other variables held constant, primarily due to the Company's variable-rate borrowings.

5. Other price risks

If the prices of equity securities had changed at the reporting date (the same basis was used for the analysis of both periods and other changes were assumed to remain unchanged), the effect on the consolidated profit and loss items would have been as follows:

	2023	2022
Price of equity securities on the reporting date	**Other comprehensive income after tax**	**Other comprehensive income after tax**
Increase by 5%	**$ 9,321**	**9,236**
Decrease by 5%	**$ (9,321)**	**(9,236)**

6. Fair value

(1) Types of financial instruments and fair values

The Company’s financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair value hierarchy information of each type of financial assets and financial liabilities, except for financial instruments not carried at fair value, whose carrying amounts are a reasonable approximation of fair value, and lease liabilities, for which disclosure of fair value information is not required, are presented below:

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income (including current and non-current)					
Domestic and overseas listed companies' shares	$ 233,013	233,013	-	-	233,013
Financial assets at amortized cost					
Cash and cash equivalents	$ 123,360	-	-	-	-
Notes and accounts receivable (including related parties)	211,035	-	-	-	-
Other receivables (including related parties)	14,132	-	-	-	-
Other financial assets	45,832	-	-	-	-
Guaranteed deposits paid	34,818	-	-	-	-
Subtotal	$ 429,177				
Financial liabilities at amortized cost					
Long-term and short-term bank borrowing	$ 2,730,323	-	-	-	-
Other long-term borrowings	81,398	-	-	-	-
Notes payable and accounts payable (including related parties)	396,746	-	-	-	-
Other payables (including related parties)	169,721	-	-	-	-
Lease liabilities	433,889	-	-	-	-
Subtotal	$ 3,812,077				

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income (including current and non-current)					
Domestic and overseas listed companies' shares	$ 230,911	230,911	-	-	230,911
Financial assets at amortized cost					
Cash and cash equivalents	$ 19,148	-	-	-	-
Notes and accounts receivable (including related parties)	140,361	-	-	-	-
Other receivables (including related parties)	13,129	-	-	-	-
Other financial assets	66,794	-	-	-	-
Guaranteed deposits paid	29,953	-	-	-	-
Subtotal	$ 269,385				
Financial liabilities at amortized cost					
Long-term and short-term bank borrowing	$ 2,680,602	-	-	-	-
Other long-term borrowings	57,908	-	-	-	-
Notes payable and accounts payable (including related parties)	324,507	-	-	-	-
Other payables (including related parties)	217,851	-	-	-	-
Lease liabilities	590,680	-	-	-	-
Subtotal	$ 3,871,548				

(2) Fair value valuation techniques for financial instruments not measured at fair value
Financial liabilities at amortized cost：

If there is any transaction or quotation information from the market maker, the most recent transaction price and quotation information are used as the basis for assessing the fair value. If no market value is available, the valuation method is used to estimate the value. The estimates and assumptions used in the valuation method were the discounted cash flows to estimate the fair value.

The liability components of the convertible bonds issued by the Company were estimated using valuation techniques, and the estimates and assumptions used in the valuation techniques were the discounted fair values of cash flows.

(3) Fair value valuation techniques for financial instruments not measured at fair value

Non-derivative financial instruments:

If there is an active market in which the financial instruments are publicly quoted, the fair value is based on the quoted prices in the active market. The market prices announced by Major Exchanges and Taipei Exchange Announcement are the basis for the fair value of listed equity instruments.

(4) The Company had no transfer of any fair value hierarchy in 2023 and 2022.

(XXIV) Financial risk management

1. Summary

The Company is exposed to the following risks arising from the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Note presents the risk information of the Company for each of the above risks, and the Company's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the parent company only financial statements.

2. Risk Management Framework

The Board of Directors is solely responsible for establishing and overseeing the risk management structure of the Company. The Chairman of the Board of Directors is responsible for developing and controlling the risk management policies of the Company and reporting its operations to the Board of Directors on a regular basis.

The Company's risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. The risk management policy is reviewed periodically to reflect changes in market conditions and the operations of the Company. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the appropriateness of the Company's risk management framework related to the risks it faces. Internal auditors assist the Company's Board of Directors in its oversight role. These officers conduct regular and exceptional reviews of risk management controls and procedures and report the results of these reviews to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss arising from the Company's failure to meet contractual obligations with customers or counterparties to financial instruments, and arises primarily from the Company's accounts receivable from customers and investments in securities.

(1) Accounts receivable and other receivables

The Company's credit risk exposures are primarily affected by each customer's individual circumstances. However, management also considers the statistics of the Company's customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk.

Construction: The Company has established a credit policy under which the Company is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. The review of the Company includes, if available, external ratings and, in some cases, bank notes. Sales quotas are established on a customer-by-customer basis and are reviewed periodically. Customers who do not meet the Company's benchmark credit rating may only transact with the Company on a pre-revenue basis.

Construction: The Company's customers are concentrated in the large demand group of factories. In order to reduce the credit risk of accounts receivable, the Company requires customers' bank borrowing funds to be paid directly from their lending banks to the Company, so that its credit risk can be effectively controlled.

The Company maintains an allowance for doubtful accounts to reflect the estimate of losses incurred on accounts receivable and other receivables. The primary components of the allowance account consist of specific loss components related to individual significant exposures and portfolio loss components established for incurred but unidentified losses of similar asset groups. The Company loss allowance account is determined based on historical payment statistics and forward-looking information for similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's trading objects and performance parties are financial institutions and securities companies with good credit, there is no significant performance doubt, so there is no significant credit risk.

(3) Guarantee

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or companies with which it has business dealings. The Company has not provided any endorsement guarantee as of December 31, 2023 and 2022.

4. Liquidity risk

By managing and maintaining sufficient portions of cash and cash equivalents to support the company's operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank financing quotas and ensures that the terms of the loan contract are followed.

Bank loan is an important source of liquidity for the Company. As of December 31, 2023 and 2022, the unused credit lines of long-term and short-term bank borrowings were NT$585,188 thousand and NT$820,768 thousand, respectively.

5. Market risk

Market risk refers to the risk of affecting the Company's earnings or the value of financial instruments held by the Company due to market price changes, such as exchange rate, interest rate, equity instrument price changes. The objective of market risk management is to control the risk of violence of market risk within the acceptable range and optimize the return on investment.

(1) Exchange rate risk

The Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in a functional currency. The functional currency of the Company is the New Taiwan dollar and the primary foreign currency denominated currency for these transactions is the U.S. dollar.

Interest on borrowings is denominated in the currency of the principal amount borrowed. In general, borrowings are denominated in the same currency as the cash flows from the Company's operations, primarily in New Taiwan dollars, but also in USD. In such cases, economic hedges are provided without the need to enter into derivative instruments and therefore hedge accounting is not used.

With respect to other monetary assets and liabilities denominated in foreign currencies, when short-term imbalances occur, the Company purchases or sells foreign currencies at prevailing exchange rates to ensure that net risk exposure is maintained at an acceptable level.

(2) Interest rate risk

The Company's short-term borrowings and long-term borrowings are floating-rate debt. Therefore, changes in market interest rates will cause the interest rates of short-term borrowings and long-term borrowings to change accordingly, resulting in fluctuations in their future cash flows.

(3) Other market risks

The equity securities held by the Company are classified as financial assets at fair value through other comprehensive income, therefore, such assets are measured at fair value and therefore the Company will be exposed to the risk of changes in the market value of equity securities.

(XXV) Capital management

It is the Board of Directors' policy to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Company's share capital, capital surplus, retained earnings, other equity items and treasury shares.

The Company's capital management objectives are to safeguard the ability to continue to operate in order to continue to provide shareholder compensation and other stakeholder benefits, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to settle liabilities.

The Company manages capital on the basis of the debt-to-capital ratio. The ratio is calculated by dividing net debt by total capital. Net liabilities are total liabilities as shown in the balance sheet less cash and cash equivalents. Total capital is the entire component of equity plus net liability.

The debt-to-capital ratios at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,371,624	4,531,511
Less: Cash and cash equivalents	123,360	19,148
Net liability	4,248,264	4,512,363
Total equity	1,649,293	1,544,251
Total capital	$ 5,897,557	6,056,614
Debt-to-capital ratio	72.03%	74.50%

The company's capital management in 2023 is as the same as that in 2022.

(XXVI) Investing and financing activities of non-cash transactions

The Company acquired right-of-use assets under lease in 2023 and 2022, please refer to Note 6 (9).

The Company's convertible bonds were converted to common stock in 2022, please refer to Note 6 (17).

The adjustment of the Company's liabilities from financing activities is as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Changes in lease payments	Others	December 31, 2023
Short-term borrowings	$ 904,478	124,064	-	(4,598)	1,023,944
Notes payables	-	30,000	-	-	30,000
Other payables - related parties	50,000	(30,000)	-	-	20,000
Long-term borrowings (including current portion)	1,834,032	(46,255)	-	-	1,787,777
Lease liabilities	590,680	(92,952)	(63,839)	-	433,889
Guaranteed deposits received	230	180	-	-	410
Total liabilities arising from financing activities	$ 3,379,420	(14,963)	(63,839)	(4,598)	3,296,020

			Non-cash changes			
	January 1, 2022	Cash flows	Conversion of convertible bonds	Changes in lease payments	Others	December 31, 2022
Short-term borrowings	$ 981,392	(77,166)	-	-	252	904,478
Other payables - related parties	40,000	10,000	-	-	-	50,000
Long-term borrowings (including current portion)	1,855,406	(21,374)	-	-	-	1,834,032
Bonds payables (including current portion)	25,000	-	(25,000)	-	-	-
Lease liabilities	699,368	(111,849)	-	3,161	-	590,680
Total liabilities arising from financing activities	$ 3,601,166	(200,389)	(25,000)	3,161	252	3,379,190

VII. Related party transactions

(I) Name and relationship of related parties

The Company's subsidiaries and other stakeholders with whom the Company had transactions during the period covered by these parent company only financial statements are as follows:

Name of related parties	Relationship with the Company
CHIA YUEN PROPERTY DEVELOPMENT CO., LTD. (CHIA YUEN PROPERTY DEVELOPMENT)	Subsidiary of the Company
I-GENE INTERNATIONAL CO., LTD. (I-GENE INTERNATIONAL)	Subsidiary of the Company
I-YU INVESTMENT CO., LTD. (I-YU INVESTMENT)	Subsidiary of the Company
JETEX INVESTMENT CO., LTD. (JETEX INVESTMENT)	Subsidiary of the Company
CHIA HSING INVESTMENT CO., LTD. (CHIA	Subsidiary of the Company

HSING INVESTMENT)	
E-PLUS TECHNOLOGY CO., LTD. (E-PLUS TECHNOLOGY)	Subsidiary of the Company
Chia Her Mexico, S. De R.L DE C.V. (Chia Her Mexico)	Sub-subsidiary of the Company
MENG HUI CONSTRUCTION CO., LTD. (MENG HUI CONSTRUCTION)	Associates of the Company
CHADTEX INDUSTRIAL CO., LTD. (CHADTEX INDUSTRIAL)	Associates of the Company
JUICY INVESTMENT CO., LTD. (JUICY INVESTMENT)	Substantive related party of the Consolidated Company
Mr. Weng, Mao-Chung	Key management personnel of the Company
Mr. Weng, Mao-Chin	Key management personnel of the Company
Mr. Weng, Wei-Hsiang	Key management personnel of the Company

(II) Significant transactions with related parties

1. Sales of goods to related parties

The significant sales to related parties and their outstanding balances are as follows:

	Sales of goods		Accounts receivable - related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Associates	$ -	21	-	-
Subsidiaries	$ 6,688	3,196	1,337	1,022
Sub-subsidiaries	43,665	-	43,665	-
	$ 50,353	**3,217**	**45,002**	**1,022**

As of December 31, 2023 and 2022, the unrealized gross profit from sales of goods amounted to NT$16,177 thousand and NT$0 thousand, respectively, which are recognized as non-current liabilities – adjustments in credit elements of investments accounted for using equity method.

The prices of the Company's sales were not significantly different from those of non-associates, except for some sales to related parties whose prices were not comparable to those of similar products.

The collection period for related parties of the Company is 30 days from the date of the transaction and is not significantly different from that of regular sales customers. The receivables from related parties are not covered by collateral and need not be included in bad debt expenses after evaluation.

2. Purchase of products from related parties and commissioning processing

The amounts of purchases and commissions of the Company from related parties and their outstanding balances are as follows:

	Purchase and processing outsourced		Payables to related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Associate - CHADTEX INDUSTRIAL	$ 151,135	143,202	71,935	80,344
Subsidiaries	1,705	4	6	-
	$ 152,840	**143,206**	**71,941**	**80,344**
		Balance included in:		
		Notes payable	$ 29,110	37,735
		Accounts payable	42,831	42,609
			$ 71,941	**80,344**

The Company's purchase prices are not significantly different from those of non-associates, except for some of the purchase prices to related parties that are not comparable to similar products.

The payment term for the purchase from general manufacturers is 30 days for original silk and 60 days for original yarn, and the processing expenses is 60 days per month. The payment period for the Company's related parties is 60 days from the transaction date, which is not significantly different from that of manufacturers.

The interest expense and outstanding balance of the aforementioned notes payable extended by the Company to related parties are as follows:

	Interest expenses		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Associate - CHADTEX INDUSTRIAL	$ 1,029	1,438	-	993

3. funds accommodation

The Company provides financial access to related parties in the following circumstances:

	Maximum balance		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary - JETEX INVESTMENT	$ 25,000	-	-	-
Subsidiary - I-YU INVESTMENT	5,000	-	-	-
Subsidiary - CHIA HSING INVESTMENT	10,000	-	-	-
Other related party - JUICY INVESTMENT	45,000	-	-	-
Associate - CHADTEX INDUSTRIAL	70,000	50,000	20,000	50,000
	$ 155,000	50,000	20,000	50,000

The company loans from subsidiaries and associates at an interest rate of 3.6% and 7 %, respectively, and are all unsecured.

The Company's interest expenses on loans from related parties and their outstanding balances are as follows:

	Interest expenses		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary - JETEX INVESTMENT	$ 471	-	471	-
Subsidiary - I-YU INVESTMENT	79	-	79	-
Subsidiary - CHIA HSING INVESTMENT	188	-	188	-
Other related party - JUICY INVESTMENT	690	-	690	-
Associate - CHADTEX INDUSTRIAL	4,027	2,802	564	1,881
	$ 5,455	2,802	1,992	1,881

4. Contract construction

The Company contracted the following works to its associate, MENG HUI CONSTRUCTION:

	December 31, 2023		
Name of project	**Total contract price (before tax)**	**Amount charged**	**Amount not yet charged**
Kingkong Smart Park	$ 898,474	898,474	-

	December 31, 2022		
Name of project	**Total contract price (before tax)**	**Amount charged**	**Amount not yet charged**
Kingkong Smart Park	$ 883,656	869,895	13,761

The project cost for the construction of sample and standard plants at 31 December 2023 and 2022 are included in the inventories and net investment property. As of December 31, 2023 and 2022, the Company had outstanding payments of NT$14,634 thousand and NT$48,850 thousand, respectively, which were included in notes payables – related parties, and accounts payable - related parties, respectively.

The construction costs charged arising from the maintenance construction of the plant in Kingkong Smart Park are recognized under inventories, which amounted to NT$825 thousand in 2023. As of December 31, 2023, the payables have been paid in full. There is no this kind of transaction in 2022.

The Company pays for the projects contracted to related parties in accordance with the contract and the project progress on an installment basis.

5. Property transactions
   (1) In September 2002, the Company sold 2,825 thousand shares of CHIA YUEN PROPERTY DEVELOPMENT to a subsidiary for a total consideration of NT$20,001 thousand, which has been received. For the years ended December 31, 2023 and 2022, the deferred gain on sale was NT$3,347 thousand, which was included in the decrease in investment accounted for using equity method.
   (2) In the first quarter of 2013 and the fourth quarter of 2012, the Company sold 13,510,579 shares and 14,604 thousand shares of CHIA YUEN PROPERTY DEVELOPMENT to subsidiaries. The transaction price is based on the net value of the latest financial report of the invested company. The prices were NT$22,091 thousand and NT$23,969 thousand, respectively. For the years ended December 31, 2023 and 2022, the balance of deferred sales losses arising from the transaction is NT$3,708 thousand, which was included in the increase in investment accounted for using equity method.
   (3) In the third quarter of 2013, the Company sold 49,788 thousand shares of CHIA HSING INVESTMENT to subsidiaries. The transaction price is based on the net value of the latest financial report of the invested company. The price was NT$22,433 thousand. For the years ended December 31, 2023 and 2022, the balance of deferred sales profits arising from the transaction is NT$7,600 thousand, which was included in the decrease in investment accounted for using equity method.
   (4) In the fourth quarter of 2013, the Company sold 3,500 thousand shares of I-YU INVESTMENT to subsidiaries. The transaction price is based on the net value of the latest financial report of the invested company. The price was NT$15,002 thousand. For the years ended December 31, 2023 and 2022, the balance of deferred sales profits arising from the transaction is NT$1,711 thousand, which was included in the decrease in investment accounted for using equity method.
6. Lease

   The rental income received by the Company from the lease of land and plant to related parties is as follows:

	Rental income	
	2023	**2022**
Subsidiaries	$ -	129
Subsidiaries - JETEX INVESTMENT	8,665	8,665
Associate - CHADTEX INDUSTRIAL	35,147	14,546
	$ 43,812	**23,340**

   As of December 31, 2023 and 2022, the Company had rentals collected in advance from the subsidiary, JETEX INVESTMENT, NT$0 thousand and NT$8,665 thousand, and from the associate, CHADTEX INDUSTRIAL, NT$0 thousand and NT$35,127 thousand, respectively, which were included under other current liabilities.
7. Others
   (1) The outstanding balances of miscellaneous expenses, rentals, decoration project, management fees, utilities, transportation costs, support staff salaries and discounts on construction costs incurred by the Company on behalf of its related parties in connection with its operations are as follows:

	Other receivables - related parties	
	December 31, 2023	**December 31, 2022**
Associate - CHADTEX INDUSTRIAL	$ 1,430	3,929
Sub-subsidiary - Chia Her Mexico	6,519	-
	$ 7,949	**3,929**

   (2) The unsettled balances details of miscellaneous expenses, rent discounts and support staff salaries and customer service payments incurred by related parties in connection with the Company's operations are as follows:

	Other payables - related parties	
	December 31, 2023	**December 31, 2022**
Associate - CHADTEX INDUSTRIAL	$ 143	7,064
Subsidiaries	237	338
	$ 380	**7,402**

(3) The amount of cash dividends receivables is as follows:

	Other receivables - related parties	
	December 31, 2023	December 31, 2022
Associate - MENG HUI CONSTRUCTION	$ -	2,400

(4) The Company's loans from financial institutions as of December 31, 2023 and 2022 are guaranteed jointly and severally by key management personnel of the Company in accordance with the requirements of certain loan contracts. The guarantee handling fees paid to key management personnel for the provision of joint and several guarantees amounted to NT$7,079 thousand and NT$1,440 thousand in 2023 and 2022, respectively, and have been fully paid.

(5) As of December 31, 2023 and 2022, the Company obtained NT$0 thousand and NT$44,214 thousand, respectively, from guarantee notes of the associates, MENG HUI CONSTRUCTION, as performance guarantee for construction projects.

(III) Key management personnel compensation

	2023	2022
Short-term employee benefits	$ 14,080	8,446
Post-employment benefits	56	54
Share-based payment	-	117
	$ 14,136	8,617

On December 31, 2023 and 2022, the Company provided vehicles at a cost of both NT$1,027 thousand each for the key management to use.

VIII. Pledged assets

The details of the carrying amount of the pledged assets by the Company are as follows:

Name of assets	Marked of pledge guarantee	December 31, 2023	December 31, 2022
Restricted cash and bank deposits (included in other financial assets - current)	Short-term borrowings and pre-sale buildings price trust	$ 45,832	66,794
Financial assets at fair value through other comprehensive income - current	Short-term borrowings	74,398	73,725
Financial assets at fair value through other comprehensive income - non-current	Long-term borrowings (including current portion)	158,546	157,112
Investments accounted for using equity method	Purchase performance guarantee	80,582	111,388
Inventories - Buildings and land under construction and buildings and land held for sale	Short-term borrowings	239,079	567,040
Machinery equipment, transportation equipment and other equipment	Long-term borrowings (current portion)	322,614	259,387
Investment properties - Land, buildings and structures	Short-term and long-term borrowings (including current portion)	2,282,293	2,113,384
Guaranteed deposits paid	Provisional attachment by the court, and long-term borrowings (including current portion)	23,000	13,000
		$ 3,226,344	3,361,830

IX Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments

1. The Company's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Contracted and unpaid project payment	$ -	13,761
Deposit guarantee notes opened for the performance of purchase transactions and industrial consulting plans	$ 104,425	89,800

2. Letters of credit issued but not used by the Company:

	December 31, 2023	December 31, 2022
Unused letters of credit issued	$ 57,459	133,065

3. As of December 31, 2023 and 2022, the Company entered into contracts with subscribers for the sale of standard factory buildings for a total amount of NT$213,030 thousand and NT$752,960 thousand, respectively, for the construction of the Kingkong Smart Park project, and received NT$39,798 thousand and NT$119,326 thousand, respectively, which were included in contract liabilities - current and other current liabilities.
4. As of December 31, 2023 and 2022, the total contracted price for the equipment ordered for operation was NT$86,041 thousand and NT$85,049 thousand, respectively, with payments of NT$24,611 thousand and NT$10,910 thousand, respectively, and unaccrued amounts of NT$61,430 thousand and NT$74,139 thousand, respectively.

(II) Contingent liabilities:

In 2022, due to certain material disagreements between the Company and Good Help Advertising Co, Ltd. (“Good Help”) regarding the contents of the sales commission contract and the calculation of the service fee, Good Help considered that the Company had failed to make payments under the contract and filed a lawsuit for the payment of service fee of NT$112,802 thousand and interest up to the settlement date (calculated at 5% per annum). The first trial by Tainan District Court decided against the Company on June 30, 2023. In order to safeguard the rights and interests of the Company, the Company appealed on July 12, 2023. As of the date of the financial statements are issued, the aforesaid case is still under trial. As the Company is unable to assess possible effects, relevant service expenses charged were not accrued.

X. Major disaster losses: None

XI. Significant subsequent events: None

XII. Others

The employee benefit, depreciation and amortization expense functions are summarized as follows:

Function / Nature	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	278,087	134,868	412,955	290,730	125,770	416,500
Labor and health insurance expenses	24,956	13,969	38,925	26,451	13,119	39,570
Pension expenses	12,016	7,031	19,047	13,272	6,607	19,879
Directors’ and supervisors’ remuneration	-	7,083	7,083	-	4,385	4,385
Other employee benefit expenses	14,806	8,454	23,260	16,088	7,395	23,483
Depreciation expenses	135,790	24,122	159,912	132,591	26,624	159,215
Amortization expenses	-	-	-	-	-	-

The Company's additional information on the number of employees and employee welfare expenses for fiscal 2023 and 2022 is as follows:

	2023	2022
Number of employees	813	856
Number of directors who are not also employees	7	5
Average employee welfares expenses	$ 614	587
Average employee salaries expenses	$ 513	489
Adjustments to average employee salary expenses	4.97%	(0.61)%
Supervisors' remuneration	$ -	-

The information of the Company's remuneration policies (including directors, managerial employees, etc.) is as follows:

(I) Description of employee compensation policy

Based on stable operations, the Company reviews its existing salary structure annually and compares it with external information, including salary information of non-executive employees published by the Stock Exchange and salary survey reports of consulting firms. The Company conducts salary surveys with the local manufacturing industry in Tainan for all levels of employees to understand the difference between the salaries of existing employees and the starting salaries of external employees, and appropriately adjusts the salaries of existing employees and the starting salaries of new employees to increase the competitiveness of talent retention and talent recruitment.

(II) Description of the remuneration policy for directors and managerial officers

The Company's directors and managers are evaluated in accordance with the Board of Directors' Performance Evaluation Regulations (for directors) and the CHIA HER INDUSTRIAL Appraisal Regulations (for managerial officers) for setting annual work objectives and achieving performance targets, and then set appropriate individual compensation amounts based on their personal performance, the Company's operating performance and the reasonableness of the risks involved, the limit is based on industry support levels and risk considerations.

XIII. Other disclosures

(I) Information on significant transactions

In accordance with the Guidelines Governing the Preparation of Financial statements by Securities Issuers, the Company should disclose the following information about major transactions in fiscal 2023:

1. Loans to others:

No.	Name of lender	Name of borrower	Account	Related party	Maximum amount for the period	Ending balance	Actual usage	Interest rate range	Nature of lending funds	Amount of business transactions	Reasons why short-term financing is necessary	Allowance for doubtful accounts	Guarantees		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Name	Value		
1	JETEX INVESTMENT	The Company	Other receivables	Yes	25,000	-	-	3.6%	The need for short-term financing capital	-	Operating turnover	-	None	-	74,089 (Note 1)	148,177 (Note 1)
2	CHIA HSING INVESTMENT	The Company	Other receivables	Yes	10,000	-	-	3.6%	The need for short-term financing capital	-	Operating turnover	-	None	-	10,345 (Note 2)	10,345 (Note 2)
3	I-YU INVESTMENT	The Company	Other receivables	Yes	5,000	-	-	3.6%	The need for short-term financing capital	-	Operating turnover	-	None	-	46,138 (Note 1)	92,277 (Note 1)

Note 1: According to the “Operational Procedures for Loaning of Company Funds” of JETEX INVESTMENT and I-YU INVESTMENT, the total amount loaned shall not exceed the amount of 40% of the net worth, and the amount loaned to single recipient shall not exceed the amount of 20% of the net worth, and the lending period shall not exceed one year.

Note 2: According to the “Operational Procedures for Loaning of Company Funds” of CHIA HSING INVESTMENT, the total amount loaned and the amount loaned to single recipient shall not exceed the amount of 60% of the net worth, and the lending period shall not exceed one year.

Note 3: The aforementioned net worth refers to the most recent financial statement amounts audited by the CPAs.

2. Endorsement for others: None.
3. Marketable securities held at end of period (excluding investment subsidiaries, associates and joint venture equity):

Companies held	Type and name of marketable securities	Relationship with the issuer of negotiable securities	Account	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair Value	
The Company	Shares of TAITA CHEMICAL COMPANY, LIMITED	-	Financial assets at fair value through other comprehensive income - current	1,176	19	-	19	-
〃	Shares of Shin Kong Financial Holding Co., Ltd.	-	〃	8,407,673	77,408	-	77,408	The number of pledged shares is 8,407 thousand
〃	〃	-	Financial assets at fair value through other comprehensive income - non-current	17,914,746	158,546	-	158,546	The number of pledged shares is 17,915 thousand
〃	Shares of I-HWA INDUSTRIAL CO., LTD.	-	〃	2,375	40	-	40	-
〃	Shares of EVER BRIGHT OPTOELECTRONICS CO., LTD.	-	〃	547,826	-	7.69 %	-	-
〃	Shares of Techgains Pan-Pacific Corp.	-	〃	300,000	-	0.52	-	-
〃	Shares of CHUNG SHING TEXTILE CO, LTD.	-	〃	32,100	-	-	-	-
〃	Shares of HONG CHUNG CONSTRUCTION CO., LTD.	-	〃	64,289	-	-	-	-
〃	Shares of Ho Chi Tong Investment Co.	-	〃	8,052	-	0.05 %	-	-

Companies held	Type and name of marketable securities	Relationship with the issuer of negotiable securities	Account	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair Value	
〃	Shares of P.P. CREATIVE LIFE COMPANY LIMITED	-	〃	1,000,000	-	7.87 %	-	-

4. Cumulative purchase or sale of the same negotiable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of property amounting to at least NT$300 million or 20% of the paid-in capital:

Company acquiring property	Name of property	The date of fact	Transaction amount	Price payment situations	Trading objects	Relationship	If the trading object is a related party, the previous transfer of information				Reference basis for price determination	Purpose of acquisition and circumstances of use	Other contractual matters
							Owner	Relationship with the issuer	Transfer date	Amount			
The Company	Since the local committee construction project	September 5, 2017 March 28, 2022 and March 29, 2023	898,474 (Not taxed)	Receive payment according to the progress of the project	MENG HUI CONSTRUCTION	Investments accounted for using equity method	Not applicable	Not applicable	Not applicable	Not applicable	Chang Hsing Property Appraisers Joint Firm	Construction of Daying Factory office for sale	Handling according to contract

6. Disposal of property amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase and sale with stakeholders amounting to at least NT$100 million or 20% of the paid-in capital:

Purchase (sales) companies	Trading objects	Relationship	Transaction situation				Situation and reasons for the difference between transaction conditions and general transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
The Company	CHADTEX INDUSTRIAL	Investments accounted for using equity method	Purchase	151,135	12 %	Monthly settlement of 60 days	None	None	71,935	18 %	

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engaged in derivatives trading: None.

(II) Information on investees:

Information on the Company's re-invested enterprises in fiscal 2022 are as follows (excluding Mainland China invested companies):

1. Name of invested company, location... and other related information:

Investment Company Name	Name of invested company	Location	Main business items	Original investment amount		Holding at the end of the period			Profit (loss) of invested company for the period	Investment profit (loss) recognized in the period	Remarks
				End of the period	End of last year	No. of shares	Ratio	Carrying amount			
The Company	CHIA YUEN PROPERTY DEVELOPMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Entrust construction companies to build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials	8,978	8,978	1,000,000	1.15%	1,525	56,212	647	-
The Company	I-GENE INTERNATIONAL	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Wholesale and retail sale, trading, import and export of food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business.	11,030	11,030	2,382,350	79.41%	(3,260)	1,021	811	-
The Company	I-YU INVESTMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	78,678	78,678	11,738,588	57.31%	132,632	8,915	5,109	-
The Company	JETEX INVESTMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	604,523	604,523	41,456,745	97.47%	351,699	31,318	30,526	-
The	MENG	21F, No.	Civil and	27,925	27,925	2,365,254	11.83%	46,030	182,485	29,232	(Note

Investment Company Name	Name of invested company	Location	Main business items	Original investment amount		Holding at the end of the period			Profit (loss) of invested company for the period	Investment profit (loss) recognized in the period	Remarks
				End of the period	End of last year	No. of shares	Ratio	Carrying amount			
Company	HUI CONSTRUCTION	1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	construction project contracting								2)
The Company	Texcom	No.11, Gongye Rd., Guantian Dist., Tainan City 720, Taiwan	Information system integration.	-	5,000	-	-	-	-	-	(Note 3)
The Company	CHADTEX INDUSTRIAL	No. 207 Sanshe, Sanshe Vil., Xinshi Dist., Tainan City	Textile, chemical Materials, property business	51,226	101,573	6,505,637	33.56%	80,582	2,966	995	(Note 1)
The Company	Chia Her International Co., Ltd	B.V.I.	General investment	3,218 (USD 100 thousand)	-	50,000	100.00%	(18,672) (Note 4)	(5,735)	(5,735)	

Note 1: 11,540,337 shares are provided as performance guarantee for the purchase.

Note 2: The investment income recognized in the current period includes NT$21,588 thousand of interest in associates and NT$7,644 thousand of unrealized profits from transactions with associates based on the shareholding ratio.

Note 3: The board of directors has resolved the dissolution and liquidation of the subsidiary in September 2022, and the liquidation procedures have been completed in August 2023.

Note 4: The amount of Chia Her International Co., Ltd has deducted the unrealized gains on sales recognized of NT$16, 177 thousand.

(III) Information on investees in Mainland China: None.

(IV) Information on major shareholders:

Unit: Shares

Names of major shareholders / Shares	No. of shares held	Shareholding ratio
HOLDING INTERNATIONAL CO., LTD	7,010,529	8.22%
Weng, Mao-Chung	5,578,717	6.54%
JUICY INVESTMENT CO., LTD.	5,334,402	6.26%

Note: (1) The information on major shareholders in this statement is based on the last business day of each quarter, and is calculated based on the total number of ordinary shares and preferred shares held by shareholders of the Company that have been delivered without physical registration (including treasury stock) of at least 5%. The number of share capital recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation of the calculations.

(2) The above information is revealed by the trustee's opening of a trust account with individual sub-accounts of the trustee if the shareholder delivers the shares to the trust. As for shareholders who hold more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus their shares held in trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider shareholdings.

XIV. Segment information

Please refer to the 2023 Consolidated Financial statements for detailed information on the operating department.

5. Consolidated financial statement for the most recent fiscal year, certified by a CPA

Independent Auditors' Report

To Board of Directors of CHIA HER INDUSTRIAL CO., LTD.:

Opinion

We have audited the accompanying financial statements of CHIA HER INDUSTRIAL CO., LTD. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 entrusted by the Group in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Some of the subsidiaries and associates included in the consolidated financial statements of The Group have not been audited by the CPA, but have been audited by other CAPs. Therefore, in our opinion on the consolidated financial statements, the amounts listed in the financial statements of these subsidiaries and associates are based on the audit reports of other CPAs. The total assets of the aforementioned subsidiaries on December 31, 2023 and 2022 respectively accounted for 3.27% and 3.05% of the total consolidated assets, and the net operating revenue from January 1 to December 31, 2023 and 2022 respectively accounted for 0.46% and 0.49% of the total consolidated operating revenue. In addition, investments accounted for using equity method recognized in these associates accounted for 4.31% and 32.26% of total consolidated assets as of December 31, 2023 and 2022, respectively; and the share of profit or loss of associates using equity method recognized from January 1 to December 31, 2023 and 2022 accounted for 71.41% and 37.70% of consolidated net income before tax, respectively.

We have also audited the parent company only financial statements of CHIA HER INDUSTRIAL CO., LTD. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion with other matters paragraph.

Key Audit Matters

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

I. Assessment of impairment of accounts receivable

Please refer to Note 4 (7) Financial Instruments of the Consolidated Financial statements for detailed accounting policies on impairment assessment of accounts receivable; please refer to Note 5 (1) to the Consolidated Financial statements for details of the uncertainty of accounting estimates and assumptions for impairment assessment of accounts receivable; please refer to Note 6 (3) to the Consolidated Financial statements on notes receivable and accounts receivable for an explanation of the impairment assessment of accounts receivable.

Explanation of key audit matters:

The customers of The Group's textile manufacturing business are downstream clothing and other home textile fabric merchants in the textile industry. Its operations are deeply affected by the fluctuations in industrial prosperity, and the payment terms for major customers' accounts receivable are approximately 30-120 days per month. Therefore, the assessment of accounts receivable impairment is subject to significant subjective judgment by the group management. Therefore, the impairment assessment of accounts receivable is one of the important evaluation items for the CPA's audit of The Group's Consolidated Financial statements.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include:

- Review accounts receivable aging reports, analyze changes in accounts receivable aging, and execute sampling procedures to check the accuracy of accounts receivable aging reports.
- Review the collection situation of accounts receivable after the payment period, and understand how the management assesses the possibility of recovery for overdue accounts receivable that have not yet been received and have not included expected credit losses, in order to assess the rationality of the expected credit loss provision for accounts receivable.
- Review the accuracy of The Group's provision for impairment of accounts receivable in the past, and compare it with the expected credit loss of accounts receivable estimated in the current period to assess whether the current estimation method and assumptions are appropriate.
- Assess whether the disclosure of expected credit losses related to accounts receivable by The Group is appropriate.

II. Inventory evaluation

Please refer to Note 4 (8) to the Consolidated Financial statements for detailed accounting policies related to inventory evaluation; please refer to Note 5 (2) to the Consolidated Financial statements for the uncertainty of accounting estimates and assumptions of the net realizable value of inventory evaluation; please refer to Note 6 (5) to the Consolidated Financial statements for an explanation of the net realizable value evaluation of inventory evaluation.

Explanation of key audit matters:

The Group's inventory is measured based on the lower of cost and net realizable value. The textile manufacturing business operated by the Group belongs to the textile industry's downstream fabric suppliers in civilian-oriented industry, and product prices are deeply affected by market fluctuations, resulting in the risk that the cost of generating inventory may exceed its net realizable value. Therefore, inventory evaluation is one of the important evaluation items for the CPA in conducting the audit of The Group's Consolidated Financial statements.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include:

- Understand the sales prices adopted by the management of The Group and the changes in future inventory market prices to assess the reasonableness of the net realizable value of inventory, and implement sampling procedures to check the accuracy of the inventory net realizable value detailed statement.
- Review the inventory age report, analyze the changes in inventory age for each period, and execute sampling procedures to check the accuracy of the inventory age table.
- Review the accuracy of The Group's past provision for inventory allowances to assess whether the current valuation method and assumptions are appropriate.
- Assess whether the disclosure of inventory allowance related information by The Group is appropriate.

III. Evaluation of investment property

Please refer to Note 4 (10) Investment Property to the Consolidated Financial statements for the detailed accounting policies related to the evaluation of investment property; please refer to Note 5 (3) to the Consolidated Financial statements for the uncertainty of accounting estimates and assumptions about the evaluation of investment property; please refer to Note 6 (10) Investment Property to the Consolidated Financial statements for the description of the fair value of investment property evaluation.

Explanation of key audit matters:

The subsequent measurement of the investment property of The Group adopts the fair value model, and the management entrusts external property appraisers to perform the evaluation of the investment property. Because the complexity of the evaluation method and the input value information are unobservable information, the fair value may have a risk of false expression. Therefore, the evaluation of the investment property is one of the important evaluation items for the CPA to perform the audit of the Consolidated Financial statements of The Group.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include:

- Assess the qualifications and independence of external property appraisers appointed by The Group.
- Appoint financial management experts to inspect the applicability of the evaluation method and the rationality of the evaluation trial process, the rationality of the main assumptions or input values (such as discount rate, expected market rent growth rate and return capitalization rate) in the evaluation method, and whether there are significant differences from the previous period.
- Understand whether there is a reasonable basis for the assumptions, estimates, and parameters used in the valuation report, and whether there are significant differences from the previous period.
- Assess whether the disclosure of investment property related information by The Group is appropriate.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the 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, and for such internal control as management determines is necessary to enable the preparation of the 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 members of the Audit Committee or supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to

the related disclosures in the financial statements or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

KPMG Taiwan

CPA:		Hsu, Chen-Lung Su, Yen-Ta
Approval and certified number of the securities regulatory authority	:	Letter No. Finance-Supervisory- Securities-Issuance-0960069825 Letter No. Finance-Supervisory- Securities-Issuance-1070304941

March 14, 2024

CHIA HER INDUSTRIAL CO., LTD. and its subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1))	$ 210,214	4	87,976	2
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	18,298	-	15,731	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 6 (2) and 8)	78,155	1		
1150	Notes receivables, net (Note 6 (3) and (20))	13,931	-		
1170	Accounts receivables, net (Note 6 (3) and (20))	157,041	3		
1180	Accounts receivables - related parties, net (Notes 6 (3) (20) and 7)	-	-	7	-
1200	Other receivables (Note 6 (4))	6,468	-	6,567	-
1210	Other receivables - related parties (Notes 6 (4) and 7)	1,430	-	14,794	-
1310	Inventory (Notes 6 (5), 7 and 8)	1,550,844	25	1,824,291	30
1410	Prepayments	5,835	-	7,231	-
1476	Other financial assets - current (Note 8)	45,832	1	66,794	1
1479	Other current assets	39,873	1	57,786	1
		2,127,921	35	2,298,772	38
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (2) and 8)	433,606	7	430,566	7
1550	Investments accounted for using equity method (Notes 6 (6) (7) and 8)	263,992	4	200,594	3
1600	Property, plant, and equipment (Notes 6 (8), 8 and 9)	488,229	8	399,247	7
1755	Right-of-use assets (Note 6 (9))	419,195	7	569,175	9
1760	Net investment property (Notes 6 (10), 7 and 8)	2,320,633	38	2,197,271	36
1840	Deferred income tax assets (Note 6(16))	3,235	-	-	-
1920	Guaranteed deposits paid (Note 8)	35,557	1	29,953	-
1995	Other non-current assets (Note 9)	14,151	-	2,049	-
		3,978,598	65	3,828,855	62
	Total assets	**$ 6,106,519**	**100**	**6,127,627**	**100**

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities：				
2100	Short term loans (Notes 6 (11) and 8)	$ 1,023,944	17	904,478	15
2130	Contract liabilities - current (Notes 6 (20) and 9)	106,244	2	185,318	3
2150	Notes payables (Note 6(11))	99,250	2	51,305	1
2160	Notes payables - related parties (Note 7)	43,744	1	37,735	1
2170	Accounts payables	211,218	3	147,414	2
2180	Accounts payables - related parties (Note 7)	42,825	1	91,459	1
2200	Other payables (Note 6 (15))	161,479	3	165,659	3
2220	Other payables - related parties (Note 7)	28,397	-	66,938	1
2280	Lease liabilities - current (Note 6 (13))	100,867	2	114,293	2
2300	Other current liabilities (Notes 7)	23,548	-	62,367	1
2322	Long term loans due within one year or one business cycle (Notes 6 (11) and 8)	250,567	4	199,093	3
		2,092,083	35	2,026,059	33
	Non-current liabilities:				
2540	Long term loans (notes 6 (11) and 8)	1,537,210	25	1,634,939	27
2570	Deferred income tax liabilities (Note 6 (16))	390,259	6	383,475	6
2580	Lease liabilities - non-current (Note 6 (13))	349,197	6	476,387	8
2640	Net defined benefit liabilities - non-current (Note 6 (15))	17,166	-	15,850	-
2670	Other non-current liabilities	11,003	-	10,324	-
		2,304,835	37	2,520,975	41
	Total liabilities	4,396,918	72	4,547,034	74
	Equity attributable to owners of the parent company (Note 6 (2) (7) (12) (17) and (18)):				
3100	Share capital	852,101	14	807,613	13
3200	Capital surplus	121,383	2	110,027	2
3350	Retained earnings	118,180	2	83,873	1
3490	Other equity items	557,629	9	542,738	9
	Total equity attributable to owners of the parent company	1,649,293	27	1,544,251	25
36XX	**Non-controlling interests (Note (17))**	60,308	1	36,342	1
	Total liabilities	1,709,601	28	1,580,593	26
	Total liabilities and equity	**$ 6,106,519**	**100**	**6,127,627**	**100**

(Please refer to attached Notes to the Consolidated Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **Manager: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD. and its subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Amount	2023 %	2022 Amount	2022 %
4000	**Net operating revenue (Notes 6 (20) and 7)**	$ 2,656,752	100	2,484,187	100
5000	**Operating costs (Notes 6 (5) (13) (15) (21), 7 and 12)**	2,256,826	85	2,201,379	89
5900	**Gross profit**	399,926	15	282,808	11
6000	**Operating expenses (Note 6 (3) (4) (13) (15) (18) (21), 7 and 12)**				
6100	Marketing expenses	153,274	6	142,684	6
6200	Administrative expenses	184,370	7	157,132	6
6300	Research and development expenses	75,524	3	67,115	2
6450	Expected credit impairment losses (gains)	487	-	(25,743)	(1)
		413,655	16	341,188	13
6900	**Net operating loss**	(13,729)	(1)	(58,380)	(2)
7000	**Non-operating income and expenses (Note 6 (2) (5) (6) (10) (12) (13) (22) and 7):**				
7100	Interest income	1,112	-	365	-
7010	Other income	538	-	11,675	-
7020	Other gains and losses	30,746	1	28,900	1
7255	Gains on fair value adjustment - investment properties	122,012	5	184,164	8
7050	Financial costs	(102,496)	(4)	(91,650)	(4)
7060	Share of profit or loss of associates accounted for using equity method	95,223	4	41,828	2
		147,135	6	175,282	7
7900	**Profit before income tax**	133,406	5	116,902	5
7950	**Income tax expense (Note 6 (16))**	58,005	2	18,266	1
8200	**Net profit for the period**	75,401	3	98,636	4
8300	**Other comprehensive income (Note 6 (6) (16) (17)):**				
8310	**Items not reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	(3,239)	-	4,353	-
8316	Unrealized gains or losses on valuation of equity instruments at fair value through other comprehensive income	4,037	-	(4,544)	-
8321	Remeasurement of defined benefit plans for associates accounted for using equity method	(25)	-	466	-
8326	Unrealized gains or losses on valuation of equity instruments at fair value through other comprehensive income of associates accounted for using equity method	21,200	1	(17,311)	(1)
8349	Less: income tax related to items not reclassified to profits and losses	-	-	-	-
	Total items not reclassified to profit or loss	21,973	1	(17,036)	(1)
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences arising on translation of foreign operations	21	-	-	-
8399	Less: income tax related to items that may be reclassified to profits and losses	-	-	-	-
	Total items that may be reclassified to profit or loss	21	-	-	-
8300	**Other comprehensive income for the period (net after tax)**	21,994	1	(17,036)	(1)
8500	**Total comprehensive income for the period**	$ 97,395	4	81,600	3
	Net profit for the current period attributable to:				
8610	Parent company owners	$ 51,463	2	85,455	3
8620	Non-controlling interests	23,938	1	13,181	1
		$ 75,401	3	98,636	4
	Total comprehensive income for the period attributable to:				
8710	Parent company owners	$ 73,429	3	67,457	2
8720	Non-controlling interests	23,966	1	14,143	1
		$ 97,395	4	81,600	3
	Earnings per share (Note 6 (19)) (Unit: NT$)				
9750	**Basic earnings per share**	$	0.61		1.06
9850	**Diluted earnings per share**	$	0.60		1.04

(Please refer to attached Notes to the Consolidated Financial statements for more details.)

Chairman: **Weng, Wei-Hsiang** **Manager:** **Weng, Wei-Hsiang** **Chief Accounting Officer:** **Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD. and its subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Equity attributable to owners of the parent company													
	Share capital							Other equity items						
	Ordinary shares	Capital collected in advance	Total	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficit)	Total	Exchange differences arising on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains on revaluation	Total	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2022	$ 1,122,132	12,021	1,134,153	108,350	-	(364,990)	(364,990)	-	93,747	472,672	566,419	1,443,932	22,199	1,466,131
Net profit for the period	-	-	-	-	-	85,455	85,455	-	-	-	-	85,455	13,181	98,636
Other comprehensive income for the period	-	-	-	-	-	4,678	4,678	-	(22,676)	-	(22,676)	(17,998)	962	(17,036)
Total comprehensive income for the period	-	-	-	-	-	90,133	90,133	-	(22,676)	-	(22,676)	67,457	14,143	81,600
Remuneration costs arising from employee stock options	-	-	-	758	-	-	-	-	-	-	-	758	-	758
Execution of employee stock options	17,283	(11,098)	6,185	919	-	-	-	-	-	-	-	7,104	-	7,104
Capital reduction to make up for losses	(364,900)	-	(364,900)	-	-	364,900	364,900	-	-	-	-	-	-	-
Conversion of convertible corporate bonds	32,175	-	32,175	-	-	(7,175)	(7,175)	-	-	-	-	25,000	-	25,000
Disposal of equity instruments at fair value through other comprehensive income by associates	-	-	-	-	-	1,005	1,005	-	(1,005)	-	(1,005)	-	-	-
Balance as of December 31, 2022	**806,690**	**923**	**807,613**	**110,027**	**-**	**83,873**	**83,873**	**-**	**70,066**	**472,672**	**542,738**	**1,544,251**	**36,342**	**1,580,593**
Net profit for the period	-	-	-	-	-	51,463	51,463	-	-	-	-	51,463	23,938	75,401
Other comprehensive income for the period	-	-	-	-	-	(3,260)	(3,260)	21	25,205	-	25,226	21,966	28	21,994
Total comprehensive income for the period	-	-	-	-	-	48,203	48,203	21	25,205	-	25,226	73,429	23,966	97,395
Appropriation and distribution of earnings														
Legal reserve	-	-	-	-	8,387	(8,387)	-	-	-	-	-	-	-	-
Stock dividends of ordinary shares	24,231	-	24,231	-	-	(24,231)	(24,231)	-	-	-	-	-	-	-
Execution of employee stock options	18,593	1,664	20,257	11,356	-	-	-	-	-	-	-	31,613	-	31,613
Disposal of equity instruments at fair value through other comprehensive income by associates	-	-	-	-	-	10,335	10,335	-	(10,335)	-	(10,335)	-	-	-
Balance as of December 31, 2023	**$ 849,514**	**2,587**	**852,101**	**121,383**	**8,387**	**109,793**	**118,180**	**21**	**84,936**	**472,672**	**557,629**	**1,649,293**	**60,308**	**1,709,601**

(Please refer to attached Notes to the Consolidated Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **President: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD. and its subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	2023	2022
Cash flow of operating activities:		
Profit before income tax for the period	$ 133,406	116,902
Adjustment items:		
Income and loss items that do not affect cash flow		
Depreciation expenses	164,040	161,707
Expected credit impairment losses (gains)	487	(25,743)
Net losses (gains) on financial assets at fair value through profits or losses	(2,567)	2,131
Interest expenses	102,496	91,650
Interest income	(1,112)	(365)
Dividend income	(538)	(11,675)
Share of profit of associates accounted for using equity method	(95,223)	(41,828)
Losses (gains) on disposal and scrapping of Property, Plant, and Equipment	(6,171)	150
Gains on disposal of investment properties	-	(97)
Unrealized foreign currency exchange gains	(725)	(578)
Gains on fair value adjustment of investment properties	(122,012)	(184,164)
Share-based compensation costs	-	758
Total income and loss items that do not affect cash flow	38,675	(8,054)
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Increase in financial assets at fair value through profit or loss	-	(10,693)
Decrease in notes receivable	2,456	4,188
Decrease (increase) in accounts receivable	(37,603)	17,236
Decrease (increase) in accounts receivable - related parties	7	(7)
Decrease in other receivables	232	45,636
Decrease (increase) in other receivables - related parties	2,500	(1,311)
Decrease in inventories	273,447	141,959
Decrease (increase) in prepayments	1,972	(1,261)
Decrease in other current assets	17,993	26,754
Total net changes in assets related to operating activities	261,004	222,501
Net changes in liabilities related to operating activities:		
Increase (decrease) in contract liabilities	(79,074)	18,203
Increase (decrease) in notes payable	17,369	(54,354)
Increase (decrease) in notes payable - related parties	6,009	(7,803)
Increase (decrease) in accounts payable	63,804	(39,069)
Increase (decrease) in accounts payable - related parties	(48,634)	11,520
Decrease in other payables	(4,093)	(29,485)
Decrease in other payables - related parties	(7,914)	(4,744)
Increase (decrease) in other current liabilities	(39,585)	667
Decrease in net defined benefit liabilities	(1,923)	(1,210)
Total net changes in liabilities related to operating activities	(94,041)	(106,275)
Total net changes in assets and liabilities related to operating activities	166,963	116,226
Total adjustment items:	205,638	108,172
Cash inflows from operations	339,044	225,074
Interest received	1,112	369
Dividends received	538	11,675
Interest paid	(103,192)	(89,945)
Income tax paid	(54,536)	(39,318)
Net cash inflows from operating activities	182,966	107,855
Cash flow from investment activities:		
Refund of paid-up capital of capital reduction from investees accounted for using equity method	50,347	-
Cash dividends from investments accounted for using equity method	13,518	-
Decrease in other receivables - related parties	-	2,000
Acquisition of Property, Plant, and Equipment	(162,006)	(126,378)
Acquisition of investment properties	(1,350)	-
Proceeds from disposal of Property, Plant, and Equipment	9,337	47
Proceeds from disposal of investment property	-	12,433
Increase in guaranteed deposits paid	(5,604)	(13,318)
Decrease in other financial assets - current	20,962	81,727
Decrease (increase) in other non-current assets	(2,461)	1,515
Net cash outflows from investment activities	(77,257)	(41,974)
Cash flow from financing activities:		
Increase (decrease0 in short-term borrowings	124,064	(77,166)
Borrowing long-term borrowings	188,674	164,290
Repayment of long-term borrowings	(234,929)	(185,664)
Increase in notes payables	30,000	-
Increase in other payables - related parties	(30,000)	10,000
Increase in lease principal	(93,674)	(111,849)
Increase in other non-current liabilities	679	47
Execution of employee stock options	31,613	7,104
Net cash inflow (outflow) from financing activities	16,427	(193,238)
The impact of exchange rate fluctuations on cash and cash equivalents	102	18
Increase (decrease) in cash and cash equivalents for the current period	122,238	(127,339)
Beginning cash and cash equivalents balance	87,976	215,315
Ending cash and cash equivalents balance	**$ 210,214**	**87,976**

(Please refer to attached Notes to the Consolidated Financial statements for more details.)

Chairman: Weng, Wei-Hsiang **President: Weng, Wei-Hsiang** **Chief Accounting Officer: Weng, Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD. and its subsidiaries
Notes to the Consolidated Financial statements
2023 and 2022
(Unless otherwise specified, all units are in NT$ thousand)

I. Brief history of the Company

CHIA HER INDUSTRIAL CO., LTD. (hereinafter referred to as the "Company") was established on December 12, 1972 in Sanshe Village, Tainan City. After merger and expansion, the current business includes processing and sales of various fiber textiles, printing and dyeing, and finishing, as well as leasing and sales of commercial buildings commissioned by construction manufacturers, leasing and sales of factory building development, and medical equipment manufacturing and sales.

II. Approval date and procedures of the parent company only financial statements

The Consolidated Financial statements was approved and issued by the board of directors on March 14, 2024.

III. Application of newly issued and revised standards and interpretations

(I) The impact of using new and revised standards and interpretations recognized by the Financial Supervisory Commission

The Consolidated Company shall apply the following newly revised International Financial Reporting Standards from January 1, 2023, and shall not have a significant impact on the Consolidated Financial statements.

- Amendments to IAS 1 "Disclosure of accounting policies"
- Amendments to IAS 8 "Definition of accounting estimates"
- Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from single transaction"

The Consolidated Company shall apply the following newly revised International Financial Reporting Standards from May 23, 2023, and shall not have a significant impact on the Consolidated Financial statements.

- Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"

(II) The impact of not using International Financial Reporting Standards recognized by the Financial Supervisory Commission

The assessment of the Consolidated Company shall be subject to the following newly revised International Financial Reporting Standards effective from January 1, 2024, which shall not have a significant impact on the Consolidated Financial statements.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"

(III) Newly issued and revised standards and interpretations that have not yet been recognized by the Financial Supervisory Commission

The Consolidated Company expects that the following new and revised standards that have not yet been recognized will not have a significant impact on the Consolidated Financial statements.

- Amendment to International Financial Reporting Standards 10 and IAS 28: "Asset Sales or Investments between Investors and their Associates or Joint Ventures"
- Amendments to International Financial Reporting Standard 17 "Insurance Contracts" and International Financial Reporting Standard 17
- Amendments to IAS 21 "Lack of Exchangeability"

IV. Summary of significant accounting policies

The summary of significant accounting policies adopted in the Consolidated Financial statements is as follows. Unless otherwise stated, the following accounting policies have been consistently applied to all periods of expression in the Consolidated Financial statements.

(I) Declaration of compliance

The Consolidated Financial statements is prepared in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers (hereinafter referred to as the "Regulations Governing the Preparation"), and the International Financial Reporting Standards, International Accounting Standard, and their interpretations and interpretation announcements recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "IFRS accounting standards endorsed by the Financial Supervisory Commission").

(II) Preparation basis

1. Measurement basis

Except for the following important items in the Balance Sheet, the Consolidated Financial statements is prepared on the basis of historical cost:

(1) Financial assets at fair value through profits or losses
(2) Financial assets at fair value through other comprehensive income;
(3) Investment property measured at fair value; and
(4) Net defined benefit liabilities are measured by deducting the fair value of pension fund assets from the present value of defined benefit obligations and the upper limit influence number as described in Note 4 (16).

2. Functional currency and expression currency

Each parent company only of the Consolidated Company uses the currency of the main economic environment in which they operate as their functional currency. The Consolidated Financial statements is expressed in the functional currency of the Company, NTD. All financial information expressed in NTD with the unit of NT$ thousand.

(III) Consolidation basis

1. Principles for preparing Consolidated Financial statements

The entities in the consolidated financial statements include the Company and the entities controlled by the Company (subsidiaries). The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

From the date of obtaining control over the subsidiary, its financial statements shall be included in the Consolidated Financial statements until the date of loss of control. The transactions, balances, and any unrealized profits and losses between the Consolidated Company have been completely eliminated when preparing the Consolidated Financial statements. The total comprehensive income of subsidiaries are respectively attributable to the owners and non-controlling interests of the Company, even if the non-controlling interests thus become a loss balance.

The Financial statements of the subsidiary has been appropriately adjusted to align their accounting policies with those used by the Consolidated Company.

If the change of ownership interest of the Consolidated Company in the subsidiary does not result in the loss of control over the subsidiary, it shall be treated as an equity transaction with the owner. The difference between the adjustment of non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity and belongs to the owners of the Company.

When the Consolidated Company loses control over the subsidiary, the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary are classified according to the carrying amount on the date of loss of control in the Consolidated Financial statements, and the retained investment in the former subsidiary is re-measured at the fair value on the date of loss of control. The profit and loss on disposal is the difference between (1) the total fair value of the consideration received and the fair value of the retained investment in the former subsidiary on the date of loss of control, and (2) the total carrying amount of the assets (including goodwill) and liabilities of the subsidiary and non-controlling interests on the date of loss of control. The accounting treatment basis for all amounts previously recognized in other comprehensive income related to the subsidiary is the same as the basis that the Consolidated Company must follow if it directly disposes of related assets or liabilities.

2. Subsidiaries included in the Consolidated Financial statements

Subsidiaries included in the Consolidated Financial statements:

Investment Company Name	Name of subsidiaries	Nature of business	Percentage of equity held December 31, 2023	Percentage of equity held December 31, 2022	Specify details
The Company	CHIA YUEN PROPERTY DEVELOPMENT CO., LTD. (CHIA YUEN PROPERTY DEVELOPMENT)	Entrust construction companies to build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials	1.15%	1.15%	(Note 1)
I-YU INVESTMENT	CHIA YUEN PROPERTY DEVELOPMENT	“	11.72%	11.72%	“
JETEX INVESTMENT	CHIA YUEN PROPERTY DEVELOPMENT	“	45.31%	45.31%	“
The Company	I-GENE INTERNATIONAL CO., LTD. (I-GENE INTERNATIONAL)	Wholesale and retail sale, trading, import and export of food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business	79.41%	79.41%	
JETEX INVESTMENT	I-GENE INTERNATIONAL	“	6.35%	6.35%	“
CHIA HSING INVESTMENT	I-GENE INTERNATIONAL	“	7.62%	7.62%	“
JETEX INVESTMENT	CHIA HSING INVESTMENT CO., LTD. (CHIA HSING INVESTMENT)	Investment	99.99%	99.99%	
The Company	I-YU INVESTMENT CO., LTD. (I-YU INVESTMENT)	“	57.31%	57.31%	
JETEX INVESTMENT	I-YU INVESTMENT	“	42.67%	42.67%	“
The Company	JETEX INVESTMENT CO., LTD. (JETEX INVESTMENT)	“	97.47%	97.47%	
I-YU INVESTMENT	JETEX INVESTMENT	“	1.38%	1.38%	“
The Company	Texcom Information Technology Co., Ltd. 1-A1(Texcom)	“	- %	100.00%	(Note 2)
The Company	Chia Her International Co.,Ltd (Chia Her International)	Investment	100.00%	-	
Chia Her International Co.,Ltd	CHIA HER MEXICO,S. DE R.L DE C.V. (CHIA HER MEXICO)	Processing, transportation and trading, and import and export of various fiber textile, dyeing and finishing	100.00%	-	

Note 1: The Consolidated Company holds more than half of the voting rights in the company, so the company is considered as a subsidiary.

Note 2: The dissolution and liquidation of the subsidiary have been resolved by the board of directors in

September 2022, and the registration of cancellation has been completed on August 1, 2023.

3. Subsidiaries not included in the consolidated financial statements

Investment Company Name	Name of subsidiaries	Nature of business	Percentage of equity held December 31, 2022	Percentage of equity held December 31, 2021	Specify details
CHIA YUEN PROPERTY DEVELOPMENT	E-PLUS TECHNOLOGY CO., LTD. (E-PLUS TECHNOLOGY)	Electric appliance installation, fire safety equipment installation project, automatic control equipment project	100.00%	100.00%	Due to the immaterial nature of its total assets or operating income, it has not been included in the Consolidated Financial statements.

(IV) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into functional currencies based on the exchange rate on the transaction date. The foreign currency monetary items at the end of each subsequent reporting period (hereinafter referred to as the reporting day) are converted into functional currencies at the exchange rate of that day. Foreign currency non-monetary items measured at fair value are translated into functional currency at the exchange rate on the date of measurement of fair value, and foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date.

2. Foreign operations

When preparing the consolidated financial statements, assets and liabilities, including goods will and fair value adjustments arising from business combination, of foreign operations shall be translated into NTD at the closing rate at the reporting date, income and expenses shall be translated into NTD at the average exchange rates of the period, and all resulting exchange differences shall be recognized in other comprehensive income. On the disposal of a foreign operation resulting in loss of control, joint control or significant influence, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified to profit or loss. When the partial disposal of an interest in an associate or a joint arrangement that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified to profit or loss in proportion.

For monetary item that is receivable from or payable to a foreign operation, if an item for which settlement is neither planned nor likely to occur in the foreseeable future, the resulting exchange gains or losses is in substance a part of the Consolidated Company's net investment in that foreign operation, and recognized in other comprehensive income.

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

Assets that meet one of the following conditions are classified as current assets, while all other assets that are not-current assets are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume it. The Consolidated Company has a business cycle of one year, except for property

development related businesses, which are usually longer than one year;
2. Holding the asset primarily for trading purposes;
3. It is expected that the asset will be realized within twelve months after the reporting period; or
4. The asset is in cash or cash equivalents, except for those who use the asset for exchange, debt settlement, or other restrictions at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, while all other liabilities that are not-current liabilities are classified as non-current liabilities:

1. It is expected that the liability will be settled during the normal business cycle. The Consolidated Company has a business cycle of one year, except for debts related to property development business, which is usually longer than one year;
2. Holding the liability primarily for trading purposes;
3. The liability is expected to become due and payable within twelve months after the reporting period; or
4. Liabilities that do not have the right to unconditionally extend the repayment period to at least twelve months after the reporting period. The paragraphs of liabilities that may be settled by issuing equity instruments at the option of the counterparty do not affect their classification.

(VI) Cash and cash equivalents

Cash includes cash on hand and demand deposit. Equivalent cash refers to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of value change. Time deposits that meet the aforementioned definition and are held for short-term cash commitments rather than investment or other purposes are reported as equivalent cash.

(VII) Financial instruments

Accounts receivable and debt securities issued were originally recognized at the time of generation. All other financial assets and liabilities were originally recognized when the Consolidated Company became a party to the contractual paragraphs of the financial instrument. Financial assets (except accounts receivable that do not contain significant financial components) or financial liabilities measured at fair value other than through profits or losses are originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components were originally measured at transaction prices.

1. Financial assets

If the purchase or sale of financial assets complies with customary trading practices, the Consolidated Company shall adopt accounting treatment for all purchases and sales of financial assets classified in the same way on the trading or delivery date.

At the time of original recognition, financial assets are classified as: financial assets at amortized cost, equity instrument investments measured at fair value through other comprehensive income, or financial assets at fair value through profits or losses. The Consolidated Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

(1) Financial assets at amortized cost

Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at cost after amortization:

· The financial asset is held under a business model aimed at receiving contractual cash flows.

- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely interest on the payment of principal and outstanding principal amounts.

The cumulative amortization amount of these assets is calculated using the effective interest method based on the original recognized amount plus or minus, and the amortized cost of any allowance losses is adjusted for measurement. Interest income, foreign currency exchange profits and losses, and impairment losses are recognized in profits or losses. When derecognition, include profits or losses in profits or losses.

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

When the debt instrument investment meets the following conditions at the same time and is not designated to be measured at fair value through profits or losses, it is measured at fair value through other comprehensive income:

- The financial asset is held under a business model aimed at receiving contractual cash flow and selling it.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely interest on the payment of principal and outstanding principal amounts.

At the time of original recognition, the Consolidated Company may make an irrevocable choice to report the subsequent changes in the fair value of equity instrument investments not held for trading to other comprehensive income. The aforementioned selection was made on a tool by tool basis.

It belongs to debt instrument investors and is subsequently measured at fair value. Interest income, foreign currency exchange profits and losses, and impairment losses calculated using the effective interest method are recognized in profits or losses, while other net profits or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated amount of other comprehensive income is reclassified to profits or losses.

Equity instrument investors are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of a portion of investment costs) is recognized in profits or losses. The remaining net profits or losses is recognized as other comprehensive income and is not reclassified to profits or losses.

Dividend income from equity investments is recognized on the date on which the Consolidated Company has the right to receive dividends (usually the ex-dividend date).

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

Financial assets not measured at amortized cost or measured at fair value through other comprehensive income (e.g. financial assets held for trading and managed and the performance is evaluated on a fair value basis) are measured at fair value through profits and losses, including derivative financial assets. At the time of original recognition, in order to eliminate or significantly reduce the improper accounting matching, the Consolidated Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or measuring at fair value through other comprehensive income as financial assets at fair value through profits and losses.

These assets are subsequently measured at fair value, and their net profit or loss (including any dividend and interest income) is recognized as profit or loss.

(4) Business model assessment

The purpose of the Consolidated Company is to assess the business model of holding financial assets at the portfolio level. This is the most reflective way of operating management and providing information to the management. The consideration information includes:

- The stated investment portfolio policies and objectives, as well as the operation of these policies. Whether the manager’s strategy focuses on earning contractual cash flows, maintaining specific interest rate combinations, aligning the duration of financial assets with the duration of related liabilities or expected cash outflows, or achieving cash flows through the sale of financial assets;

- How to assess the performance of the business model and the financial assets held under the business model, and how to report to the main management personnel of the enterprise;
- The risks that affect the performance of the business model (and the financial assets held under the business model) and the management methods for such risks;
- The method of determining the remuneration of the manager of the business, for example, the remuneration is based on the fair value of the assets under management or the contractual cash flow received; and
- The frequency, amount, and timing of financial asset sales in previous periods, as well as the reasons for such sales and expectations for future sales activities.

If the transaction of transferring financial assets to a third party for the above business purposes does not meet the derecognition conditions, it is not a sale referred to above, which is consistent with the purpose of the Consolidated Company continuing to recognize the assets.

(5) Assess whether the cash flow of the contract is entirely the interest on the paid principal and outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial asset at the time of original recognition, and the interest is composed of the following consideration: time value of money, credit risk related to the amount of outstanding principal in a specific period, other basic lending risks and costs, and profit margin.

Assess whether the contractual cash flow is entirely the interest on the payment of principal and the outstanding principal amount. The Consolidated Company considers the contractual terms of financial instruments, including assessing whether the financial assets contain a contractual term that can change the timing or amount of the contractual cash flow, resulting in it not meeting this condition. When assessing, the Consolidated Company considers:

- Any contingency that may change the timing or amount of the contract cash flow;
- Possible adjustments to the terms of the contract coupon rate, including the characteristics of variable interest rates;
- Early repayment and extension characteristics; and
- The right to request the Consolidated Company is limited to the terms of cash flows originating from specific assets (such as non-recourse characteristics).

(6) Impairment of financial assets

The Consolidated Company recognizes an allowance for expected credit losses on financial assets at amortized cost, including cash and equivalents, notes receivable, accounts receivable, other receivables, deposits, and other financial assets.

Expected credit loss during the expected period of existence refers to the expected credit loss incurred by all possible default events during the expected period of existence of a financial instrument.

Twelve month expected credit loss refers to the expected credit loss caused by a possible default event of a financial instrument within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than twelve months).

The following financial assets are measured as allowance losses based on the expected credit loss amount over a twelve-month period, while the remaining assets are measured based on the expected credit loss amount during their existence period:

- It is determined that the credit risk of debt securities on the reporting date is low; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of financial instruments) has not increased significantly since the original recognition.

The allowance for losses in accounts receivable is measured based on the expected amount of credit loss during the period of existence.

In determining whether the credit risk has increased significantly since the original recognition, the Consolidated Company considers reasonable and verifiable information (available without excessive costs or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation and forward-looking information of the Consolidated Company.

If the contract payment is overdue for more than 30 days, the Consolidated Company assumes that the credit risk of the financial assets has increased significantly.

If the contract payment is overdue for more than one year and the borrower is unlikely to fulfill their credit obligations to pay the full amount to the Consolidated Company, the Consolidated Company shall be deemed to have defaulted on the financial asset.

Expected credit loss is the probability weighted estimate of credit loss during the expected lifespan of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Consolidated Company can receive under the contract and the expected cash flow that the Consolidated Company will receive.

The Consolidated Company assesses whether there is credit impairment on financial assets at amortized cost on each reporting day. When one or more events that have an adverse impact on the estimated future cash flow of a financial asset have occurred, the credit of the financial asset has been impaired. Evidence of credit impairment of financial assets includes observable information related to:

- Significant financial difficulties of the borrower or issuer;
- Breach of contract, such as delayed or overdue for more than one year;
- Due to economic or contractual reasons related to the borrower’s financial difficulties, the Consolidated Company provides concessions that the borrower would not have considered;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- Due to financial difficulties, the active market for the financial asset has disappeared.

The provision for losses on financial assets at amortized cost is deducted from the carrying amount of the asset.

When the Consolidated Company cannot reasonably expect the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Consolidated Company analyzes the timing and amount of offsetting based on whether it is reasonably expected to be recoverable. The Consolidated Company expects no significant reversal of the offset amount. However, the financial assets that have been written off can still be enforced to comply with the procedures for the Consolidated Company to recover overdue amounts. Based on experiences, the overdue amount will not be collected from company accounts after one year.

(7) Derecognition of financial assets

The Consolidated Company will only exclude financial assets when the contractual rights from the cash flow of the asset are terminated, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained, and the control of the financial asset has not been retained.

If all or almost all the risks and rewards of the transferred asset ownership are retained in the transaction of transferring financial assets signed by the Consolidated Company, they are still continuously recognized in the balance sheet.

2. Financial liabilities and equity instruments
   (1) Classification of liability or equity
   The debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.
   (2) Equity transactions
   Equity instrument refers to any contract that recognizes the remaining equity of the Consolidated Company after deducting all its liabilities from its assets. The equity instruments issued by the Consolidated Company are recognized at the amount obtained after deducting direct issuance costs.
   (3) Treasury shares
   When repurchasing the recognized equity instruments of the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury shares. Subsequent sales or reissues of treasury shares, the amount received is recognized as an increase in equity, and the surplus or loss arising from the transaction is recognized as capital surplus or retained surplus (if the capital surplus is insufficient to offset).
   (4) Composite financial instruments
   The composite financial instruments issued by the Consolidated Company are convertible corporate bonds (denominated in NT$) that the holders have the option to convert into capital shares, and the number of shares issued by them will not vary with the changes in their fair values.
   The original recognized amount of the liability component of composite financial instruments is measured by the fair value of similar liabilities excluding equity conversion rights. The original recognized amount of the equity component is measured by the difference between the fair value of the overall composite financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the debt and equity components in proportion to the carrying amount of the original debt and equity.
   After initial recognition, the liability component of composite financial instruments is measured at amortized cost using the effective interest rate method. The equity components of composite financial instruments are not re-measured after initial recognition.
   Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity upon conversion, and no profit or loss is recognized on conversion.
   (5) Financial liabilities
   Financial liabilities are classified as cost after amortization or measured at fair value through profit or loss. Financial liabilities that are held for trading, derivatives or designated at the time of original recognition are classified as measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit or loss.
   Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and exchange profits and losses are recognized in profit or loss. Any profits or losses incurred during the period of derecognition are also recognized in profit or loss.

(6) Derecognition of financial liabilities
The Consolidated Company is derecognized of financial liabilities when its contractual obligations have been fulfilled, cancelled, or matured. When the terms of the financial liabilities are modified and there is a significant difference in the cash flow of the modified liabilities, the original financial liabilities are excluded, and the new financial liabilities are recognized at fair value based on the modified terms.
When derecognition financial liabilities, the difference between their carrying amount and the total amount of consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(7) Mutual offset of financial assets and liabilities
Financial assets and financial liabilities are only offset and expressed in net amounts on the balance sheet when the Consolidated Company currently has legally enforceable rights to offset each other and intends to deliver them on a net basis or simultaneously realize assets and settle liabilities.

(VIII) Inventory

1. Manufacturing
Inventory is measured at the lower of cost or net realizable value. The cost includes the acquisition, production, or processing costs and other costs incurred to make it available for use in a location and state, and is calculated using the weighted average method. The cost of finished products and work-in-process products inventory includes manufacturing expenses allocated in an appropriate proportion to normal production capacity.
Net realizable value refers to the estimated selling price under normal business operations minus the estimated cost of completion and the estimated cost of completion of the sale.

2. Construction
Inventory is measured at the lower of cost or net realizable value. The cost includes the necessary expenses incurred to obtain the available location and status, as well as the capitalization cost of borrowing.
Net realizable value refers to the estimated selling price under normal business operations minus the estimated cost of completion and the estimated cost of completion of the sale. The determination method of net realizable value is as follows:
(1) Land under construction: The net realizable value is calculated based on the estimated selling price (market conditions at the time) minus the costs and sales expenses that need to be invested until completion.
(2) . Land for sale: The net realizable value is the estimated selling price (estimated by the management based on the market conditions at the time) minus the estimated costs and sales expenses incurred when selling the property

(IX) Investment in associates
An associate is an entity over which the Consolidated Company has significant influence, but does not control. Generally, if the Consolidated Company holds 20% to 50% of ownership with voting rights of associates' shares, the Consolidated Company is supposed to have significant influence.
Under the equity method, the investment is initially recognized at cost, and investment costs include transaction costs. The carrying amount of investments in associates includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.
The Consolidated Financial statements includes the amount recognized by the Consolidated Company in proportion to equity, from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with the accounting policies of the Consolidated Company, as well as other comprehensive income of each invested associate. When the equity changes of associates in non-profits and losses and other comprehensive income do not affect the shareholding ratio of the Consolidated Company, the Consolidated Company

recognizes all equity changes as capital surplus according to the shareholding ratio.

Unrealized profits and losses arising from transactions between the Consolidated Company and associates are only recognized in the financial statements of the enterprise to the extent unrelated to the investor’s equity in the associates.

When the proportionate share of losses recognized by the Consolidated Company in the associates is equal to or exceeds its equity in the associates, the recognition of its losses shall be stopped, and additional losses and related liabilities shall be recognized only to the extent of legal obligations, constructive obligations, or payments made on behalf of the invested company.

The Consolidated Company ceases to use the equity method since its investment is no longer an associate, and measures the retained equity at fair value. The difference between the fair value of the retained equity and the disposal price and the carrying amount of the investment on the date of ceasing to use the equity method is recognized in current profits and losses. The basis of accounting treatment for all amounts previously recognized in other comprehensive income related to the investment is the same as the basis that an associate must follow if it directly disposes of related assets or liabilities, that is, if the profits or losses previously recognized in other comprehensive income must be reclassified into profits and losses (or retained earnings) when disposing of related assets or liabilities. When the enterprise stops using equity method, the profit or loss is reclassified from equity to profit or loss (or retained earnings). If the ownership interest of the Consolidated Company in the associate decreases, but the equity method continues to apply, the Consolidated Company will reclassify and adjust the profits or losses related to the reduction of the ownership interest and previously recognized as other comprehensive income according to the reduction ratio in the above manner.

When an associate issues new shares, if the Consolidated Company fails to subscribe according to its shareholding ratio, resulting in a change in 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 surplus and investments accounted for using equity method; If the adjustment is to offset the capital surplus, but the balance of the capital surplus generated by the investments accounted for using equity method is insufficient, the difference is debited to the retained surplus. However, if the Consolidated Company fails to subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest in an associate, the amount previously recognized in other comprehensive income related to the associate is reclassified to profits and losses in proportion to the decrease, and the basis of accounting treatment is the same which must be followed by an associate if it directly disposes of related assets or liabilities.

(X) Investment property

Investment property refers to the property held for rent earning or asset appreciation, or both, but not for sale in normal business, production, provision of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at fair value, and any change is recognized as profit or loss.

The profits or losses from the disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) are recognized in profit or loss. If the investment property sold was previously classified as Property, Plant, and Equipment, any related “revaluation appreciation of other equity-property” is transferred to retained earnings.

The rental income of investment property is recognized as operating income on a straight-line basis during the lease term. The lease incentive given is recognized as a portion of rental income during the lease term.

(XI) Property, Plant, and Equipment

1. Recognition and measurement

Property, Plant, and Equipment items are measured based on cost (including capitalized borrowing costs) minus accumulated depreciation and any accumulated impairment.

If the major components of Property, Plant, and Equipment have different durability years, they shall be treated as separate items (main components) of Property, Plant, and Equipment. The disposal profits or losses of Property, Plant, and Equipment are recognized in profit or loss.

2. Reclassification to investment property
   When the use of a property for self-use is changed to an investment property, the property is reclassified as an investment property based on the fair value of the property at the time of the change of use, and the profits arising from Remeasurement are recognized in profit or loss within the scope of cumulative impairment previously recognized for the property, and the remaining differences are recognized in other comprehensive income, and accumulated in “revaluation appreciation of other equity -property”. Any loss is recognized in profit or loss, except that if the reduction is still within the range of the revaluation appreciation amount of the property, the reduction is recognized in other comprehensive income, and the revaluation appreciation in equity is offset.
3. Subsequent costs
   Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the Consolidated Company.
4. Depreciation
   Depreciation is calculated based on the cost of assets minus residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.
   Land does not need to be depreciated.
   The estimated lifespan of Property, Plant, and Equipment is as follows:

(1)	Machinery equipment	5-10 years
(2)	Transportation equipment	2-15 years
(3)	Office and other equipment	2-20 years
(4)	Leasing Improvements	5-8 years

The Consolidated Company reviews the depreciation method, useful life, and residual value on each annual reporting day, and makes appropriate adjustments as necessary.

(XII) Leasing

The Consolidated Company evaluates whether the contract belongs to or includes a lease on the establishment date of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract belongs to or includes a lease.

1. Lessee
   The Consolidated Company recognizes the right-of-use assets and lease liabilities on the lease commencement date. The right-of-use assets are initially measured at cost, which includes the original measurement amount of the lease liabilities. Any lease payments made on or before the lease commencement date are adjusted, and the original direct costs incurred are added, as well as the estimated costs for dismantling, removing, and restoring the location or underlying assets, minus any lease incentives received.
   The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date of the lease to the expiration of the useful life of the right-of-use asset or the expiration of the lease term, whichever is earlier. In addition, the Consolidated Company regularly evaluates whether the right-of-use assets have been impaired and handles any impairment losses that have occurred, and cooperates in adjusting the right-of-use assets in the event of Remeasurement of lease liabilities.
   Lease liabilities are initially measured based on the present value of lease payments that have not yet been paid on the lease inception date. If the implicit interest rate of the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the interest rate of the increased borrowing of the Consolidated Company is used. Generally speaking, the Consolidated Company adopts the interest rate of their increased borrowings as the discount rate.

The lease benefits measured as lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;
(2) Lease payments are based on changes in a certain index or rate, using the index or rate from the lease start date as the original measurement;
(3) Expected residual value guarantee amount to be paid; and
(4) The exercise price or penalty payable when it is reasonably determined that the purchase option or lease termination option will be exercised.

The subsequent provision of interest on lease liabilities is based on the effective interest method, and their amount is measured when:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
(2) There is a change in the expected residual value guarantee amount to be paid;
(3) There is a change in the evaluation of the purchase option of the underlying asset;
(4) There is a change in the estimation of whether to exercise the option of extension or termination, and change in the assessment of the lease term;
(5) Modifications to the market term, scope, or other terms of the lease.

When the lease liability is remeasured due to the change of the index or rate used to determine the lease payment, the change of the residual value guarantee amount, and the evaluation change of the purchase, extension or termination option, it is the carrying amount of the right-of-use asset that should be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease, and the difference between it and the remeasured amount of the lease liability is recognized in profit or loss.

The Consolidated Company will present the right-of-use assets and lease liabilities that do not meet the definition of investment property in a separate line item on the balance sheet.

For short-term leases of employee dormitories, office machines, and parking spaces, the Consolidated Company chooses not to recognize the right-of-use assets and lease liabilities, but instead recognizes the relevant lease payments as expenses on a straight-line basis during the lease term.

2. Lessor

The transaction in which the Consolidated Company is the lessor is to classify the lease contract on the lease establishment date according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying assets. If yes, it is classified as finance lease, otherwise it is classified as operating lease. When evaluating, the Consolidated Company considers specific indicators such as whether the lease term covers the main part of the economic life of the underlying asset.

(XIII) Impairment of non-financial assets

The Consolidated Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (except inventory, deferred income tax assets and investment properties measured at fair value) may be impaired. If any indication exists, estimate the recoverable amount of the asset.

For the purpose of impairment testing, a group of assets with the majority of cash inflows independent of other individual assets or asset groups is designated as the smallest identifiable asset group. The goodwill obtained from a business consolidation is allocated to various cash generating units or groups of cash generating units that are expected to benefit from the comprehensive effects of the consolidation.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less the cost of disposal and its value in use. When assessing the value in use, the estimated future cash flow is converted to the present value by the pre-tax discount rate, which should reflect the current market's assessment of the time value of money and the specific risks of the asset or cash generating unit.

If the recoverable amount of individual assets or cash generating units is lower than the carrying amount, impairment losses are recognized.

The impairment loss is immediately recognized in profit or loss, and is first reduced by the carrying amount of the amortized goodwill of the cash generating unit, followed by a reduction in the proportion of the carrying amount of each other asset within the unit.

The impairment loss of goodwill shall not be reversed. Non-financial assets other than goodwill are only reversed to the extent that they do not exceed the carrying amount determined if the impairment loss was not recognized in the previous year (excluding depreciation or amortization).

(XIV) Revenue recognition

1. Revenue from contracts with customers

Revenue is measured at the amount of consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services. The Consolidated Company recognizes revenue when its control over goods or services is transferred to customers and its performance obligations are met. The primary revenue items are explained as follows:

(1) Sales of goods

The Consolidated Company recognizes revenue upon the transfer of control over the product. The transfer of control of the product refers to the fact that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, and the risk of obsolescence and loss has been transferred to the customer. The customer has accepted the product according to the sales contract, and the acceptance terms have become invalid, or the Consolidated Company has objective evidence that all acceptance conditions have been met.

The Consolidated Company recognizes accounts receivable when delivering goods, as the Consolidated Company has an unconditional right to receive consideration at that time.

(2) Land development and property sales

The Consolidated Company develops and sells standard factory property, and presales the property during or before the construction period. The Consolidated Company recognizes revenue upon the transfer of control over property. Due to contractual limitations, the property usually has no other use for the Consolidated Company. In principle, the recognition of the year in which the profits and losses from the completion and delivery of housing are attributed is based on the completion of the registration of the transfer of housing or property rights (whichever is later) as the control transfer time point and recognized as income.

Revenue is measured based on the transaction price of the contract agreement. If the house is sold, the consideration can usually be received when the legal ownership of the property is transferred. If it is pre-sale property, the payment is usually received in installments between the signing of the contract and the transfer of the property to the customer. The advance receipts are recognized as contract liabilities, and the accumulated amount of contract liabilities is recognized as income when the property is transferred to the customer.

(3) Financial components

The Consolidated Company expects that the time interval between the transfer of goods from all customer contracts to customers and the time when customers pay for the goods shall not exceed one year. Additionally, there is no difference between the promised consideration of the property sales contract and the current sale price, and there are no significant financing factors included. Therefore, the Consolidated Company does not adjust the monetary time value of the transaction price.

(XV) Government grants

When the Consolidated Company can receive government grants related to the COVID-19 epidemic, the subsidies without conditions are recognized as other income. For other asset-related subsidies, the Consolidated Company recognizes them as deferred income by name and amount when it can reasonably be confident that they will comply with the conditions attached to government grants and will receive such subsidies, and recognizes such deferred income as other income on a systematic basis over the useful life of the assets. The government grants that compensate for the expenses or losses incurred by the Consolidated Company are recognized in profit or loss on a systematic basis in the same period as the relevant expenses.

(XVI) Employee benefits

1. Determine the allocation plan

   The provision of retirement pension plans is recognized as an expense during the period of service provided by employees.

2. Determine benefit plans

   The net obligation of the Consolidated Company to determine the benefit plan is calculated by converting the amount of future benefits earned by employees from their services in the current or previous periods into the present value, and deducting the fair value of the plan assets.

   Determine benefit obligations annually by a qualified actuary using the estimated unit benefit method. When the calculation results may be beneficial to the Consolidated Company, the recognition of assets is limited to the present value of any economic benefits that can be obtained in the form of refunding the allocation funds from the plan or reducing future allocation funds from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

   The remeasurement amount of net defined benefit liabilities, including actuarial profits and losses, planned asset remuneration (excluding interest), and any change in the number of asset ceiling effects (excluding interest), is immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the benefit liabilities (assets) determined by the Consolidated Company is the net benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. The net interest expenses and other expenses of the defined benefit plan are recognized in profit or loss.

   When a plan is revised or reduced, any changes in benefits related to prior service costs or reduced profits or losses are immediately recognized as profit or loss. The Consolidated Company recognizes the liquidation profits and losses of the defined benefit plan when liquidation occurs.

3. Termination benefit

   Termination benefits are recognized as expenses when the Consolidated Company is no longer able to revoke the offer of such benefits or when the relevant restructuring costs are recognized, whichever is earlier. When the termination benefits are not expected to be fully repaid within twelve months after the reporting date, they are discounted.

4. Short-term employee benefits

   The short-term employee benefit obligation is recognized as an expense when short-term employees providing services. If the Consolidated Company has a current legal or constructive payment obligation due to employees providing services in the past, and the obligation can be reliably estimated, the amount will be recognized as a liability.

(XVII) Share-based payment transactions

The share-based payment agreement for equity settlement is based on the fair value on the payment date. During the vested period of the reward, expenses are recognized and the relative equity is increased. The recognized fees are adjusted based on the expected number of rewards that meet the service conditions and non-market conditions; The final recognized amount is measured based on the number of rewards that meet the service conditions and non-market acquired conditions on the acquired day.

The non-vested conditions of share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment, and the difference between the expected and actual results need not be verified and adjusted.

The payment date of the Company's share-based payment is the date of confirming the number of shares subscribed by employees.

(XVIII) Income tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax shall be recognized in profit or loss, except for those related to business combination, items directly recognized in equity or other comprehensive income.

Current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or substantive legislative tax rate on the reporting date.

Deferred income tax is measured and recognized as the temporary difference between the carrying amount of assets and liabilities and their tax base at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, (i) affects neither accounting profit nor taxable profit (tax loss), and (ii) does not give rise to equal taxable and deductible temporary differences;
2. Temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, and the Consolidated Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. Temporary taxable differences arising from the initial recognition of goodwill.

   A deferred tax asset shall be recognized for the carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporaries can be utilized. At each reporting date, the Consolidated Company shall reassess the deferred tax assets, and decrease to the extent that the it is not probable that the tax benefits will realize, or reverse the decreased amount to the extent that the taxable profit become sufficient.

   Deferred income tax is measured by the tax rate when the expected temporary difference is reversed, and is based on the statutory tax rate or substantive legislative tax rate on the reporting date.

   The Consolidated Company can offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met simultaneously:

1. Have the legal enforcement right to offset the current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the

following taxpayers of income tax levied by the same tax authority;

(1) The same tax paying entity; or

(2) Different tax paying entities intend to pay off the current income tax liabilities and assets on a net basis, or realize assets and pay off liabilities at the same time, in each future period when significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XIX) Earnings per share.

The Consolidated Company shall present the basic and diluted earnings per share attributable to the holders of ordinary equity interests of the Company. The basic earnings per share of the Consolidated Company are calculated by dividing the profit and loss attributable to the holders of ordinary equity interests of the Company by the weighted average number of outstanding ordinary shares in the current period. Diluted earnings per share are calculated by adjusting for the impact of all potential diluted ordinary shares, based on the profit and loss attributable to the holders of ordinary equity interests of the Company and the weighted average number of outstanding ordinary shares.

The potential diluted common share of the Consolidated Company includes convertible corporate bonds, employee share options, and employee compensation that can be issued through share issuance.

(XX) Segment information

The operating department is a component of the Consolidated Company, engaged in business activities that may generate income and incur expenses (including income and expenses related to transactions between other components within the Consolidated Company). The operational results of all operating departments are regularly reviewed by the main operational decision-makers of the Consolidated Company to make decisions on allocating resources to the department and evaluate its performance. Each operating department has separate financial information.

V. Major sources of uncertainty of major accounting judgments, estimates and assumptions

When preparing the Consolidated Financial statements, manager must make judgments, estimates, and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from the estimates.

The management continuously reviews the estimates and basic assumptions, and recognizes changes in accounting estimates during periods of change and future periods affected.

The Consolidated Company may face economic uncertainties, such as COVID-19, natural disasters and inflation. These events may have a significant impact on the following accounting estimate values made by the Consolidated Company for the next financial year, as these estimates involve predictions for the future.

The accounting policies involve significant judgments and have a significant impact on the recognized amounts in the Consolidated Financial statements as follows:

(I) Judgment on whether the invested company has substantial control

The Consolidated Company holds 47.47% of the voting shares of MENG HUI CONSTRUCTION CO., LTD., making it its single largest shareholder. Although the remaining 52.53% of MENG HUI CONSTRUCTION CO., LTD. shares are not concentrated among specific shareholders, the Consolidated Company is still unable to obtain more than half of the board seats of MENG HUI CONSTRUCTION CO., LTD. and has not obtained more than half of the voting rights of shareholders attending the shareholders’ meeting. Therefore, it is determined that the Consolidated Company has significant influence over MENG HUI CONSTRUCTION CO., LTD.

(II) Lease period

The decision on the lease term is the non-cancellable period of the lease and the period covered by the lessee's reasonable determination that it will exercise the option to extend the lease, and the period covered by the lessee's reasonable determination that it will not exercise the option to terminate the lease. When assessing whether the lessee exercises the aforementioned option, the Consolidated Company considers all relevant facts and circumstances that will cause economic incentives to the lessee. In addition, when the subsequent major events or circumstances that occur within the control of the lessee and will affect whether it can reasonably determine whether to exercise or not to exercise the option change significantly, it shall be reassessed. When there are changes in the evaluation during the lease period, the lease liability is re-measured and the right-of-use assets are adjusted. Please refer to Notes 6 (9) and 6 (13) for details.

The following assumptions and estimation uncertainties have significant risks that lead to significant adjustments in the carrying amount of assets and liabilities in the next financial year. The relevant information is as follows:

(I) Allowance for losses on accounts receivable

The provision for losses on accounts receivable of the Consolidated Company's textile manufacturing business is estimated based on assumptions of default risk and expected loss rate. The Consolidated Company considers historical experience, current market conditions, and forward-looking estimates on each reporting day to determine the assumptions and input values to be used in calculating impairment. Please refer to Note 6 (3) for a detailed explanation of the relevant assumptions and input values.

(II) Evaluation of inventory

Due to the fact that inventory must be measured at the lower of cost or net realizable value, the Consolidated Company evaluates the amount of inventory belonging to the textile manufacturing business at the reporting date due to normal wear and tear, obsolescence, or lack of market sales value, and offsets the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand during a specific period in the future, so significant changes may occur due to rapid industrial changes. Please refer to Note 6 (5) for detailed information on the impairment and valuation of inventory evaluation.

(III) Evaluation of investment property

The investment property of the Consolidated Company adopts the fair value model, and the fair value of the investment property is re-measured on the report date. The fair value is based on the evaluation report of the external experts. Since the input value information of the evaluation model is unobservable information, and the fair value is calculated by the external experts using the evaluation technology according to a complex formula, changes in the input value may affect the evaluation results and cause significant adjustments. Please refer to Note 6 (10) for detailed evaluation of investment property.

The accounting policies and disclosures of the Consolidated Company include the use of fair value to measure financial and non-financial assets and liabilities. The financial department of the Consolidated Company is responsible for conducting independent fair value verification, making the evaluation results close to the market state through independent source data, confirming that the source of data is independent, reliable, consistent with other resources, and represents the executable price, and regularly calibrating the evaluation model, conducting back testing, updating the input values and data required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation results are reasonable. Investment property is evaluated by external appraisers appointed by the Consolidated Company and regularly evaluated by the finance department in accordance with the evaluation methods and parameter assumptions announced by the FSC.

When measuring assets and liabilities, the Consolidated Company should use market observable input values as much as possible. The level of fair value is classified as follows based on the input value of evaluation technology:

Level 1: Public quoted prices (unadjusted) for the same assets or liabilities in the active market.

Level 2: Except for the publicly quoted prices included in Level 1, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.

Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

In case of transfer of fair value between different levels, the Consolidated Company recognizes the transfer on the reporting date. Please refer to the following Notes for information about the assumptions used to measure fair value:

1. Note 6 (10), Investment Property
2. Note 6 (23), Financial instruments

VI. Explanation of important accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and petty cash	$ 1,703	1,235
Cheque and demand deposit	208,511	86,741
Cash and cash equivalents	$ 210,214	87,976

Please refer to Note 6 (23) for the disclosure of the exchange rate risk and sensitivity analysis of the financial assets of the Consolidated Company.

(II) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss - current		
Financial assets at fair value through profit or loss:		
TWSE/TPEx Listed share	$ 6,835	5,813
Trust fund beneficiary certificate	11,463	9,918
Total	$ 18,298	15,731
Financial assets at fair value through other comprehensive income - current		
Equity instruments measured at fair value through other comprehensive income		
Domestic TWSE/TPEx Listed share - Shin Kong Financial Holding Co., Ltd.	$ 74,408	73,735
Domestic TWSE/TPEx Listed share - I-HWA INDUSTRIAL CO., LTD.	3,728	3,396
Domestic TWSE/TPEx Listed share - TAITA CHEMICAL COMPANY, LIMITED	19	27
Subtotal	78,155	77,158
Financial assets at fair value through other comprehensive income - non-current		
Equity instruments measured at fair value through other comprehensive income		
Domestic TWSE/TPEx Listed share－Shin Kong Financial Holding Co., Ltd.	$ 158,546	157,112
Domestic TWSE/TPEx Listed share－I-HWA INDUSTRIAL CO., LTD.	40	37
Domestic TWSE/TPEx Listed share－Yong Cheng Environmental Tech. Co., Ltd	1,000	1,000
Domestic TWSE/TPEx Listed share－ Guangbo Group Stock Co., Ltd.	274,020	272,417
Subtotal	433,606	430,566
Total	$ 511,761	507,724

Please refer to Note 6 (22) for the amount re-measured and recognized in profit or loss at fair value.

Some equity instrument investments held by the Consolidated Company are long-term strategic investments and not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

Due to the above designated equity instrument investment measured at fair value through other comprehensive income, the dividend income recognized by the Consolidated Company in 2023 and 2022 was NT$538 thousand and NT$11,675 thousand respectively.

The Consolidated Company did not dispose of strategic investments in the 2023, and accumulated profits and losses during that period were not transferred to equity.

Please refer to Note 6 (23) for credit risk and market risk information.

Please refer to Note 8 for details on the situation where the financial assets of the Consolidated Company are provided as collateral.

(III) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable - arising from operations	$ 13,931	16,387
Accounts receivable - measured at amortized cost	259,937	226,326
Less: Allowance for losses	102,896	102,276
Subtotal	157,041	124,050
Accounts receivable - related party - measured at amortized cost	-	7
Total	**$ 170,972**	**140,444**

The Consolidated Company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, which means that the expected credit loss during the duration is used to measure. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer’s ability to pay all amounts due according to the contract terms, and have been included in forward-looking information.

The expected credit loss analysis of customer complaint bills and accounts receivable of the Consolidated Company as follows:

	December 31, 2023		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ -	100%	-
Overdue for 1-120 days	48	100%	48
Overdue for 121-365 days	76	100%	76
Overdue for more than 1 year	31,181	100%	31,181
Total	**$ 31,305**		**31,305**

	December 31, 2022		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ -	100%	-
Overdue for 1-120 days	29	100%	29
Overdue for 121-365 days	1,097	100%	1,097
Overdue for more than 1 year	36,770	100%	36,770
Total	**$ 37,896**		**37,896**

The expected credit loss analysis of notes and accounts receivables of the Consolidated Company not arising from customer complaints is as follows:

	December 31, 2023		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ 160,578	0%~13.58%	16,272
Overdue for 1-120 days	45,924	41.93%	19,258
Overdue for 121-365 days	9,114	100.00%	9,114
Overdue for 1 year	26,947	100.00%	26,947
Total	$ 242,563		71,591

	December 31, 2022		
	Carrying amounts of notes and accounts receivables	**Life-time expected credit loss rate range**	**Allowance for life-time expected credit loss**
Not overdue	$ 126,340	0%~14.24%	12,439
Overdue for 1-120 days	47,911	44.60%	21,368
Overdue for 121-365 days	5,655	100%	5,655
Overdue for 1 year	24,918	100%	24,918
Total	$ 204,824		64,380

The statement of changes in allowance for loss on notes and accounts receivable of the Consolidated Company as follows:

	2023	2022
Beginning balance	$ 102,276	117,599
Recognized impairment losses	620	-
Reversal of impairment losses	-	(15,323)
Ending balance	$ 102,896	102,276

The above financial assets have not been provided as collateral for borrowing and financing limits.

(IV) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	$ 9,605	9,837
Less: Allowance for losses	3,137	3,270
Subtotal	6,468	6,567
Other receivables - related parties	1,430	14,794
Less: Allowance for losses	-	-
Subtotal	1,430	14,794
	$ 7,898	21,361

The statement of changes in allowance for loss on other receivables of the Consolidated Company is as follows:

		2023	2022
Beginning balance	$	3,270	14,363
Reversal of impairment losses		(133)	(10,420)
Amounts written off due to irrecoverability in the current period		-	(673)
Ending balance	$	**3,137**	**3,270**

Other receivables are financial assets with low credit risk, so the allowance loss during the period is measured by 12-month expected credit loss.

(V) Inventory

		December 31, 2023	December 31, 2022
Manufacturing:			
Commodity	$	25,004	821
Finished products		601,500	601,915
Work-in-process products		484,115	421,852
Raw material		167,252	211,288
Material		18,387	18,383
Raw materials in transit		14,949	2,435
Subtotal		1,311,207	1,256,694
Construction:			
Buildings and land under construction		-	336,550
Buildings and land held for sale		239,637	231,047
Subtotal		239,637	567,597
Total	$	**1,550,844**	**1,824,291**

The operating costs of the Consolidated Company are as follows:

		2023	2022
Transfer of inventory sales	$	2,308,416	2,207,725
Inventory impairment loss		(48,184)	181
Inventory loss		1,232	694
Income from sale of leftovers		(4,638)	(7,221)
	$	**2,256,826**	**2,201,379**

The capitalized borrowing costs related to the construction of standard factory buildings in 2023 and 2022 were NT$0 thousand and NT$165 thousand respectively, calculated based on capitalization rates of 0% and 2.57%~2.93%, respectively.

Please refer to Note 8 for details on the situation where the inventory of the Consolidated Company is provided as collateral.

(VI) Investments accounted for using equity method

The Consolidated Company's investments accounted for using equity method at the reporting date are listed as follows:

	December 31, 2023	December 31, 2022
Subsidiaries (Note)	$ 1,028	1,075
Associates	262,964	199,519
	$ 263,992	200,594

Note: As the total assets and total operating income of the subsidiary are not significant, they have not been included in the Consolidated Financial statements.

There are no publicly quoted prices for the Consolidated Company's investments in subsidiaries and associates as of December 31, 2023 and 2022.

The consolidated financial information of subsidiaries and associates of the Consolidated Company using equity method, which are individually insignificant, is as follows. The financial information is based on the amounts included in the parent company only financial statements:

	December 31, 2023	December 31, 2022
Ending summarized carrying amount of equity of individual insignificant subsidiaries and associates	$ 263,992	200,594

	2023	2022
Share attributable to the Consolidated Company:		
Net income for the period from continuing operations	$ 95,223	41,828
Other comprehensive income	21,175	(16,845)
Total comprehensive income	$ 116,398	24,983

Please refer to Note 8 for the pledge of investments accounted for using equity method by the Consolidated Company.

(VII) Loss of control over subsidiaries

The dissolution and liquidation of Texcom have been resolved by the board of directors in September 2022, and the registration of cancellation has been completed on August 1, 2023. As of December 31, 2023, the liquidation payment has been remitted to the bank account of the Consolidated Company in full.

The carrying amounts of assets and liabilities held by Texcom as of August 1, 2023 are as follows:

	August 1, 2023
Cash and cash equivalents	$ 100
Accounts receivables	1,970
	$ 2,070

(VIII) Property, Plant, and Equipment

The detailed changes in the cost, accumulated depreciation, and impairment losses of the Consolidated Company's property, plant, and equipment are as follows:

	Machinery equipment	Transportation equipment	Office and other equipment	Leased assets	Unfinished construction and equipment pending acceptance	Total
Cost or recognized cost:						
Beginning balance at January 1, 2023	$ 1,232,950	52,587	542,251	939	10,948	1,839,675
Addition	21,964	123	4,653	5,241	121,150	153,131
Disposal	(95,216)	-	(21,734)	-	-	(116,950)
Reclassification	110,448	-	3,030	-	(113,478)	-
Balance of December 31, 2023	**$ 1,270,146**	**52,710**	**528,200**	**6,180**	**18,620**	**1,875,856**
Beginning balance at January 1, 2022	$ 1,062,056	51,702	546,212	939	60,008	1,720,917
Addition	26,204	885	5,122	-	102,759	134,970
Disposal	(7,129)	-	(9,083)	-	-	(16,212)
Reclassification	151,819	-	-	-	(151,819)	-
Balance of December 31, 2022	**$ 1,232,950**	**52,587**	**542,251**	**939**	**10,948**	**1,839,675**
Accumulated depreciation and impairment losses:						
Beginning balance at January 1, 2023	$ 874,224	47,818	517,566	820	-	1,440,428
Depreciation	54,696	1,326	4,684	277	-	60,983
Disposal	(95,213)	-	(18,571)	-	-	(113,784)
Balance of December 31, 2023	**$ 833,707**	**49,144**	**503,679**	**1,097**	**-**	**1,387,627**
Beginning balance at January 1, 2022	$ 839,714	46,403	522,639	775	-	1,409,531
Depreciation	41,444	1,415	4,008	45	-	46,912
Disposal	(6,934)	-	(9,081)	-	-	(16,015)
Balance of December 31, 2022	**$ 874,224**	**47,818**	**517,566**	**820**	**-**	**1,440,428**
Carrying amount;						
December 31, 2023	**$ 436,439**	**3,566**	**24,521**	**5,083**	**18,620**	**488,229**
December 31, 2022	**$ 358,726**	**4,769**	**24,685**	**119**	**10,948**	**399,247**
January 1, 2022	**$ 222,342**	**5,299**	**23,573**	**164**	**60,008**	**311,386**

Please refer to Note 8 for details on the situation where the Property, Plant, and Equipment of the Consolidated Company is provided as collateral.

(IX) Right-of-use assets

The cost and accumulated depreciation changes of leased houses, buildings, transportation equipment, and other equipment of the Consolidated Company are detailed as follows:

	Buildings and structures	Transportation equipment	Other equipment	Total
Cost of right-of-use assets:				
Beginning balance at January 1, 2023	$ 696,448	2,806	323,350	1,022,604
Addition	17,519	-	-	17,519
Remeasurement arising from changes in lease payments	(63,839)	-	-	(63,839)
Effect of changes in exchange rate	(648)	-	-	(648)
Balance of December 31, 2023	**$ 649,480**	**2,806**	**323,350**	**975,636**
Beginning balance at January 1, 2022	$ 694,329	1,764	323,350	1,019,443
Addition	2,119	1,042	-	3,161
Balance of December 31, 2022	**$ 696,448**	**2,806**	**323,350**	**1,022,604**
Accumulated depreciation of right-of-use assets:				
Beginning balance at January 1, 2023	$ 307,459	1,200	144,770	453,429
Depreciation for the current period	66,036	700	36,321	103,057
Effect of changes in exchange rate	(45)	-	-	(45)
Balance of December 31, 2023	**$ 373,450**	**1,900**	**181,091**	**556,441**
Beginning balance at January 1, 2022	$ 229,656	529	108,449	338,634
Depreciation for the current period	77,803	671	36,321	114,795
Balance of December 31, 2022	**$ 307,459**	**1,200**	**144,770**	**453,429**
Carrying amount:				
December 31, 2023	**$ 276,030**	**906**	**142,259**	**419,195**
December 31, 2023	**$ 388,989**	**1,606**	**178,580**	**569,175**
January 31, 2022	**$ 464,673**	**1,235**	**214,901**	**680,809**

(X) Investment property

1. Investment property includes plants leased to third parties under operating leases and standard plants held by the Consolidated Company. The original noncancelable period for investment property leased out is from one to five years, and the rental income is a fixed amount.
2. The Consolidated Company measures the following investment property at fair value on a recurring basis, and the input values used in the fair value valuation technique are in Level 3. There were no transfers to or from Level 3 of the fair value hierarchy of the Consolidated Company in 2023 and 2022, and the reconciliation between the opening and closing carrying amounts of Level 3 was as follows:

	Land	Buildings and structures	Total
Beginning balance at January 1, 2023	$ 2,048,815	148,456	2,197,271
Addition	-	1,350	1,350
Net gain (loss) resulting from fair value adjustments	172,679	(50,667)	122,012
Balance of December 31, 2023	**$ 2,221,494**	**99,139**	**2,320,633**
Beginning balance at January 1, 2022	$ 1,872,005	153,438	2,025,443
Disposal	(7,748)	(4,588)	(12,336)
Net profits resulting from fair value adjustments	184,558	(394)	184,164
Balance of December 31, 2022	**$ 2,048,815**	**148,456**	**2,197,271**

3. The following investment property of Consolidated Company are subsequently measured using the

income method, and the significant terms of the relevant contracts and valuation information are as follows:

	December 31, 2023	December 31, 2022
Valuation date	December 31, 2023	December 31, 2022
Marked	Land and buildings, as well as agricultural and pastoral land in the new urban area of Sanshe Vil., Xinshi Dist., Tainan City	Land and buildings, as well as agricultural and pastoral land in the new urban area of Sanshe Vil., Xinshi Dist., Tainan City
Important contracts:	1. NT$300/ping/month (Note) 2. Lease term: 2~14 months 3. Deposit: NT$180 thousand 4. The lessor shall bear the total amount of taxes and fees annually: NT$15,215 thousand	1. NT$286~404/ping/month (Note) 2. Lease term: 12~14 months 3. Deposit: NT$180 thousand 4. The lessor shall bear the total amount of taxes and fees annually: NT$10,815 thousand
Local rental market	NT$478~524/square meter/month (Note)	NT$449~524/square meter/month (Note)
Rental prices for similar targets	NT$478~524/square meter/month (Note)	NT$449~524/square meter/month (Note)
Current status	Normal use	Normal use
Past revenue amount	NT$300/ping/month (Note)	NT$286~404/ping/month (Note)
Capitalization rate of income	2.5%	2.5%
Discount rate	3.625%	3.625%
Valuation of outsourcing appraiser or self-valuation	Valuation of outsourcing appraiser and self valuation	Valuation of outsourcing appraiser and self valuation
Appraisal firm	Chang Hsing Property Appraisers Joint Firm	Chang Hsing Property Appraisers Joint Firm
Names of appraiser	Wu Kuo Shih, Huang Chien Chih	Wu Kuo Shih, Huang Chien Chih
Fair value of outsourcing appraiser	NT$2,284,279 thousand	NT$2,160,917 thousand
Fair value of self-valuation	NT$36,354 thousand	NT$36,354 thousand

Note: The selection of the land and building rent comparison cases in the appraisal report was based on the land use of the surveyed subject land and the selection of three appropriate comparison cases within a similar area in Tainan City, and after analysis, comparison, and adjustment, the reasonable market rents of the subject land and buildings were determined.

In accordance with Article 28 of the Technical Rules Governing the Valuation of Property, the income method may be used to estimate the income price by direct capitalization and discounted cash flow analysis. In accordance with Rule 34 of the same Regulations, the valuation procedures are to derive effective gross income, derive total expenses, calculate net income, determine the capitalization rate or discount rate of income and calculate the price of income. The above parameters were estimated by collecting the relevant data of the subject of the survey and the comparative subject with the same or similar characteristics for the last three years, and adjusting them by considering their continuity, stability and growth to confirm the availability and reasonableness of the data. The changes in income (cash inflows) and expenses (cash outflows) in future periods are determined based on the historical income and expenses (cash flows) of the subject of the survey, income and expenses (cash flows) of the same industry or alternative comparable subjects, idle or loss ratios, and current or probable future planned income and expenses. The objective net income after deducting the total expenses is based on the objective net income from the most efficient use of the subject property and the income from the most efficient use of similar property in the vicinity. In accordance with Article 9 of the Regulations Governing the Preparation of Financial statements by

Securities Issuers, the discount rate under the income method is limited to the risk premium method, which is based on a certain interest rate plus the individual characteristics of the investment property. The stated interest rate shall not be less than the two-year postal time deposit rate plus three cents.

A description of the foregoing fair value valuation techniques and significant unobservable inputs is presented in the following table:

Fair Value Valuation Techniques	Significant Unobservable Inputs	Relationship between significant unobservable inputs and fair value measurements
Management evaluates the income approach valuation technique and measures the impact of the estimates used in the valuation technique. These estimates were evaluated by the Consolidated Company and it was determined that these estimates were consistent with those used by market participants. The income approach uses the discounted cash flow method, which takes into account the present value of the estimated net cash flows generated from the facility, which is calculated using a risk-adjusted discount rate. The discounted cash flow method takes into account the net income (total effective revenue less total expenses), expected market rental growth rate, idle period and income capitalization rate for each period that the subject of the survey can generate cash flow. The discount rate should take into account the quality and location of the building, the credit standing of the lessee and the lease term.	· The expected market rental growth rates were both 0.92% as of December 31, 2023 and 2022 · The idle period is 2.4 months as of December 31, 2023 and 2022. · The earnings capitalization rates were both 2.50% as of December 31, 2023 and 2022. · The risk-adjusted discount rates of December 31, 2023 and 2022 were both 3.625%.	The estimated fair value would increase (or decrease) if: · Expected increase (decrease) in market rental growth rate. · Shortened (extended) idle period. Increase (decrease) in revenue capitalization rate. · Decrease (increase) in risk-adjusted discount rate.

Some of the land acquired by the Consolidated Company for business purposes cannot be transferred in the name of the Consolidated Company because the land is agricultural and livestock land, and is temporarily registered in the name of the main management with farming status, the land has been secured and pledged to the Consolidated Company. The amount of the aforementioned land is both NT$30,722 thousand as of December 31, 2023 and 2022.

Please refer to Note 8 for the pledge of the Consolidated Company's investment properties as collateral.

(XI) Notes payables and long-term and short-term borrowings

The breakdown of the Consolidated Company's long-term and short-term borrowings is as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans - USD	$ 162,152	36,212
Unsecured bank loans - NTD	198,947	198,806
Guaranteed Bank Loans - USD	-	40,927
Guaranteed Bank Loans - NTD	662,845	628,533
Long-term unsecured bank loans - NTD	108,624	159,739
Long-term guaranteed bank loans - NTD	1,597,755	1,616,385
Other long-term secured loans - NTD	81,398	57,908
Total	$ 2,811,721	2,738,510
Current	$ 1,274,511	1,103,571
Non-current	1,537,210	1,634,939
Total	$ 2,811,721	2,738,510
Unused short-term borrowings	$ 384,572	541,848
Unused long-term borrowings	$ 200,616	278,920
Short-term borrowing rate range	2.7%~7.856%	1.2134%~7.3584%
Long-term borrowing rate range	2.095%~6.47%	1.845%~8%
Year of maturity of long-term borrowings	2024~2027	2023~2027

The Consolidated Company borrowed NT$30,000 thousand from non-related parties for short-term working capital requirements at the interest rate of 4% with total interest payment of NT$576 thousand for the year ended December 31, 2023. The borrowing is due in January 2024. As of December 31, 2023, the unpaid payment for the aforementioned transaction amounted to NT$30,576 thousand, which is recognized under notes payables. There is no this kind of transaction for the year ended December 31, 2022.

Please refer to Note 8 for the Consolidated Company's pledged assets as collateral for bank loans.

(XII) Corporate bonds payable

Information on the issuance of unsecured convertible bonds by the Consolidated Company in 2022 is as follows:

	December 31, 2022
Total amount of convertible bonds issued	$ 25,000
Cumulative Converted Amount	(25,000)
Unamortized balance of discount on bonds payable	-
Ending balance of corporate bonds	$ -

	2022
Interest expenses (effective interest rate is 4.5%)	$ 563

1. The Consolidated Company issued the second domestic unsecured convertible bonds in a private placement on July 23, 2019, for NT$25,000 thousand, with the following major issuance terms:
   (1) Coupon rate: 4.5%.

(2) Issue term: three years (July 23, 2019 to July 23, 2022).
(3) Repayment method: Except for the exercise of conversion rights in accordance with the regulations, the principal is repaid at maturity in one lump sum by money order or check at the face value of the bond plus any unpaid interest.
(4) Redemption method: None.
(5) Buyback method: None.
(6) Conversion method:
  A. Creditors may request the Company to exercise their conversion rights at any time from the day after the third year from the date of issue.
  B. Conversion price: The conversion price was NT$3.63 per share at the time of issuance.
  C. After the issuance of the bonds, except for the conversion of common shares by various negotiable securities with conversion rights or shares options issued by the Company, if there is a change in the shares of ordinary shares issued by the Company (including private placements) or if there is a reissue of various negotiable securities with conversion rights or shares options below the conversion price at that time, the conversion price will be adjusted in accordance with the formula set forth in the Conversion Law.

Please refer to Note 6 (17) for information on the conversion of the Consolidated Company's common stock in 2022 due to the exercise of conversion rights by holders of convertible bonds. There is no this kind of transaction in 2023.

(XIII) Lease liabilities

The Consolidated Company's lease liabilities are as follows

	December 31, 2023	December 31, 2022
Current	$ 100,867	114,293
Non-current	349,197	476,387
	$ 450,064	**590,680**

Please refer to Note 6 (23) Financial Instruments for maturity analysis,
The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	**$ 11,144**	**13,273**
Short-term lease expense	**$ 1,774**	**1,044**

The amounts recognized in the statements of cash flows are as follows:

	2023	2022
Total cash outflow from leases	**$ 106,591**	**126,166**

1. Leasing of buildings and structures

The Consolidated Company leases buildings and structures as factory and office premises for a period of 10 to 15 years for the factory and 2 to 5 years for the office. The Consolidated Company substantially determines that the lease contains an option to extend the lease for the same period as the original contract at the end of the lease term.

2. Other Leasing

   The Consolidated Company leases transportation equipment and other equipment for a period of three to five years.

   In addition, the Consolidated Company leases land, offices, staff quarters and parking lots under short-term leases or leases ending within 12 months after the initial application date, and the Consolidated Company elects to apply the exemption from recognition and does not recognize its related right-of-use assets and liabilities.

(XIV) Operating lease - lessor

The Consolidated Company leases out its investment property, which is classified as an operating lease because it does not transfer substantially all the risks and rewards incidental to the ownership of the subject assets, please refer to Note 6(10) Investment Property.

The maturity analysis of lease payments to report the total undiscounted lease payments to be received in the future is presented in the following table:

	December 31, 2023	December 31, 2022
Less than 1 year	$ 27,260	55,224
1-2 years	3,447	2,146
Total undiscounted lease payments	**$ 30,707**	**57,370**

Please refer to Note 6 (20) for information on rental income generated from operating leases in 2023 and 2022. In addition, the direct operating expenses arising from the above operating leases were both NT$0 for both 2023 and 2022.

(XV) Employee benefits

1. Defined benefit plan

   A reconciliation of the present value of the Consolidated Company's defined benefit obligation to the fair value of plan assets is as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 21,580	20,556
Fair value of plan assets	(4,414)	(4,706)
Net defined benefit obligation	**$ 17,166**	**15,850**

   The defined benefit plan of the Consolidated Company is transferred to the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement benefit for each employee subject to the Labor Standards Law is calculated on the basis of the number of years of service and the average salary for the six months prior to retirement.

   (1) Composition of plan assets

   The Consolidated Company's retirement fund under the Labor Standards Law is managed by the Bureau of Labor Fund Application (hereinafter referred to as the Bureau of Labor Fund) of the Ministry of Labor. According to the "Regulations Governing the Custody and Use of Labor Retirement Fund", the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

   As of December 31, 2023 and 2022, the balances of the Consolidated Company's

Bank of Taiwan Labor Retirement Fund accounts totaled NT$4,414 thousand and NT$4,706 thousand, respectively. Information on the use of the Labor Pension Fund's assets, including fund yields and fund asset allocation, is available on the website of the Bureau of Labor Fund Utilization, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

The changes in the present value of the Consolidated Company's defined benefit obligation are as follows:

		2023	2022
Defined benefit obligations as of January 1	$	20,556	27,238
Current service cost and interest		883	874
Benefits paid by the Consolidated Company and the Plan		(3,141)	(3,714)
Net defined benefit liability Remeasurement			
Actuarial profits and losses arising from changes in financial assumptions		430	(4,037)
Experience Adjustment		2,852	195
Defined benefit obligations as of December 31	**$**	**21,580**	**24,593**

(3) Changes in the fair value of plan assets

The changes in the fair value of the Consolidated Company's defined benefit plans were as follows:

		2023	2022
Fair value of plan assets as of January 1	$	4,706	5,825
Amount contributed to the plan		2,741	1,760
Benefits paid by the plan		(3,141)	(3,424)
Expected return on plan assets		65	34
Remeasurement on net defined benefit assets			
Return on plan assets (excluding current interest)		43	511
Fair value of plan assets as of December 31	**$**	**4,414**	**4,706**

(4) Expenses recognized in profit or loss

The breakdown of costs and expenses recognized by the Consolidated Company is as follows:

		2023	2022
Current service costs	$	518	686
Interest costs		365	188
Expected return on plan assets		(65)	(34)
	$	**818**	**840**
Operating costs	$	517	572
Marketing expenses		85	80
Administrative expenses		157	94
Research and development expenses		59	94
	$	**818**	**840**

(5) Actuarial assumptions

The significant actuarial assumptions used by the Consolidated Company to determine the present value of the defined benefit obligation as of the date of the financial statements are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.875%	2.00%
Future Salary Increase Rate	1.00%	1.00%

The Consolidated Company expects to pay a contribution of NT$3,000 thousand to the defined benefit plan within one year after the reporting date of 2023. The weighted-average duration of the defined benefit plan is 15.94 years.

(6) Sensitivity analysis

The effect of changes in key actuarial assumptions on the present value of the defined benefit obligation when adopted as of December 31, 2023 and 2022 is as follows:

	Effect on defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (change by 0.25%)	(3.94)%	4.16%
Future Salary Increase Rate (change by 0.25%)	4.11%	(3.92)%
December 31, 2022		
Discount rate (change by 0.25%)	(3.38)%	3.51%
Future Salary Increase Rate (change by 0.25～1.00%)	3.48%	(3.34)%

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liability at the balance sheet date.

The methodology and assumptions used to compile the sensitivity analysis in this period are the same as those used in the previous period.

2. Determine the allocation plan

The defined contribution plan of the Consolidated Company is based on the Labor Pension Act, and the contribution rate is 6% of the employees' monthly wages to the personal pension account of the Bureau of Labor Insurance. After the Consolidated Company contributes a fixed amount to the Bureau of Labor Insurance under this plan, there is no legal or constructive obligation to pay additional amounts.

The Consolidated Company's pension costs under the defined contribution pension plan were NT$18,480 thousand and NT$19,522 thousand for 2023 and 2022, respectively, and were contributed to the Bureau of Labor Insurance.

3. Short-term paid leave liability

The breakdown of the Consolidated Company's employee benefit liabilities is as follows:

	December 31, 2023	December 31, 2022
Liabilities for compensated absences (included in other payables)	$ 4,590	5,242

(XVI) Income tax

1. The breakdown of income tax expenses of the Consolidated Company is as follows:

	2023	2022
Current income tax expense		
Adjustment of current income tax for prior periods	$ -	179
Deferred income tax expense		
Land value increment tax	58,005	18,087
Income tax expense	$ 58,005	18,266

The Consolidated Company's income tax expenses recognized directly in other comprehensive income were both NT$0 in both 2023 and 2022.

A reconciliation of the Consolidated Company's income tax expense to net income before income taxes is as follows:

	2023	2022
Profit before income tax	$ 133,406	116,902
Income tax calculated at the domestic tax rate of the Company	26,681	23,380
Effect of investment income recognized by the equity method	(19,045)	(8,366)
Fair value adjustment benefit - investment property (land)	(34,536)	(36,911)
Tax-exempt proceeds from land and its costs	(12,728)	(1,400)
Dividend income	(213)	(1,359)
The securities exchange has to suspend the levy	-	103
Expenses that are not deductible according to the tax law	1,387	801
Change in tax effect of current tax loss on unrecognized deferred income tax assets	40,169	33,151
Changes in the tax effect of unrecognized deferred income tax assets, net of temporary differences	(1,585)	(10,283)
Land value increment tax	58,005	18,087
Underestimated in the previous period	-	179
Other	(130)	884
Total	$ 58,005	18,266

2. Deferred income tax assets and liabilities

   (1) Unrecognized deferred income tax assets

   In accordance with the Income Tax Act, losses for the previous ten years may be deducted from the net income of the year before the tax authorities approve the tax loss, and then the income tax will be assessed. It is not probable that the Consolidated Company will have sufficient taxable income to utilize the loss carryforward in the future. Therefore, no deferred income tax asset is recognized.

   As of December 31, 2023, the Consolidated Company has not recognized tax losses as deferred income tax assets, which are deductible over the following periods:

Year of incurring loss	Loss carryforwards not yet deducted	Last valid year
Approved in 2014	$ 328,392	2024
Approved in 2015	100,522	2025
Approved in 2016	296,397	2026
Approved in 2017	260,053	2027
Approved in 2018	181,246	2028
Approved in 2019	187,928	2029
Approved in 2020	256,373	2030
Approved in 2021	120,531	2031
Declared in 2022	153,577	2032
Expect to declare in 2023	179,606	2033
	$ 2,064,625	

(2) Deferred income tax liabilities recognized

The changes in deferred income tax assets and liabilities were as follows：

		Loss carryforwards
Deferred income tax assets:		
Beginning balance as of January 1, 2023	$	-
Credited in profit or loss		3,235
Balance as of December 31, 2023	$	3,235
Beginning balance as of January 1, 2022 (which is the balance as of December 31, 2022)	$	-

		Land value increment tax	Unrealized gains on sales	Total
Deferred income tax liabilities:				
Beginning balance as of January 1, 2023	$	383,475	-	383,475
Payment for sale of land		(54,456)	-	(54,456)
Debited in profit or loss		58,005	3,235	61,240
Balance as of December 31, 2023	$	387,024	3,235	390,259
Beginning balance as of January 1, 2022	$	404,507		
Payment for sale of land		(39,119)		
Debited in profit or loss		18,087		
Balance as of December 31, 2022	$	383,475		

3.The Company’s income tax returns have been approved by the tax authorities until 2021.

(XVII) Capital and other equity

As of December 31, 2023 and 2022, the Company’s total authorized share capital is NT$7 billion and the paid-in common share capital is NT$849,514 thousand and NT$806,690 thousand, respectively, and the capital collected in advance is NT$2,587 thousand and NT$923 thousand, respectively, with a par value of NT$10 per share.

A reconciliation of the number of outstanding shares for the years 2023 and 2022 is as follows

Unit: Thousands of shares

	2023	2022
Beginning balance	80,761	113,415
Stock dividend	2,423	-
Employee stock option execution	2,026	618
Conversion of corporate bonds	-	3,218
Capital reduction to make up for losses	-	(36,490)
Ending balance	85,210	80,761

1. Share capital of ordinary share

The Company resolved by the shareholders meeting on June 27, 2023 to issue 2,423 thousand of new shares to increase capital by earnings of NT$24,231 thousands, with par value of NT$10 per share. The base date of the capitalization of earnings is November 6, 2023, and the relevant legal registration procedures have been completed.

The Company resolved by the regular shareholders meeting on June 24, 2022 to implement capital reduction to cover up losses amounting to NT$364,900 thousand, with the capital decrease rate of 31,15%. The capital reduction has been approved by the Financial Supervisory Commission, and the base date of the capital reduction is September 20, 2022.

The relevant legal registration procedures have been completed.

The Company converted the domestic private placement unsecured corporate bonds of NT$25,000 thousand into 3,218 thousand of ordinary shares, which were issued at par with total amount of NT$32,175 thousand, for the conversion right executed by the convertible bonds' holders in 2022. The relevant legal registration procedures have been completed.

The Company issued 92 thousand of ordinary shares at NT$15,63 per share for the employee stock option executed in the fourth quarter of 2022. The payment for the shares of NT$1,443 thousand has been collected. The relevant legal registration procedures have been completed.

The Company issued 1,202 thousand of ordinary shares at NT$10,76 per share for the employee stock option executed in the fourth quarter of 2021. The payment for the shares of NT$12,935 thousand has been collected. The relevant legal registration procedures have been completed.

The Company issued 2,026 thousand and 618 thousand of ordinary shares at NT$15.63, NT$15.44, and NT$10,76, NT$15,63 per share for the employee stock option executed in 2023 and 2022, respectively. The payment for the shares of NT$31,613 thousand and NT$7,104 thousand have been collected. As of December 31, 2023 and 2022, the relevant legal registration procedures 259 thousand of shares and 92 thousand of shares have not been completed, respectively, which were recognized under capital collected in advance. The share capital of ordinary shares recognized amounted to NT$17,670 thousand and NT$5,262 thousand, the capital collected in advance recognized amounted to NT$2,587 thousand and NT$923 thousand, the capital surplus – additional paid-in capital recognized amounted to NT$11,356 thousand and NT$919 thousand, and capital surplus – employee stock option transferred to capital surplus – additional paid-in capital amounted to NT$3,157 thousand and NT$957 thousand for the aforementioned employee stock option execution, for the years ended December 31, 2023 and 2022, respectively.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	December 31, 2023	December 31, 2022
Changes in net equity in associated companies recognized by the equity method	$ 68,333	68,333
Lapsed stock options for convertible bonds	8,860	8,860
Employee share options	10,634	14,946
Lapsed employee share options	1,888	733
Share premium on issue	31,668	17,155
	$ 121,383	110,027

In accordance with the Company Law, capital surplus must be used to cover losses before new shares or cash can be issued to shareholders in proportion to the realized capital surplus. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Rules Governing the Issuer's Capital Raising and Issuance of Negotiable Securities, the total amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

3. Retention of surplus

According to the Articles of Incorporation, if there is any net profit after closing of a fiscal year, the Company shall first pay income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company; and then set aside or reverse a special reserve in accordance with the laws or the regulations of competent authorities. If there is still remaining balance, the board of directors shall prepare a proposal for distribution. The Company may authorize the distributable dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

In accordance with the original Articles of Incorporation, the distribution of dividends to shareholders shall be made in the form of cash and stock dividends, of which no less than 10% of the total dividends shall be distributed in cash, except that cash dividends of less than NT$0.1 per share shall not be paid and shall be paid in stock dividends instead. The Articles of Incorporation has been revised by the resolution of the regular shareholders meeting on June 27, 2023, that the distribution of dividends shall consider the characteristics of changes in industrial cycle, and the effects of products lifecycle on future fund demand and tax system, and implemented under the target of maintaining stable dividends. The dividends distributed shall not be less than 30% of the distributable earnings of the year, and the ratio of cash dividend shall not be less than 10% of total distribution.

(1) Legal reserve

If the Company has no losses, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, but only to the extent that the reserve exceeds 25% of the paid-in capital.

(2) Special reserve

The Company has elected to adopt the fair value model for subsequent measurement of investment property. In accordance with the FSC regulations, the Company should set aside special reserve in the following order when distributing distributable earnings each year:

(i) For the net increase in fair value arising from the continued application of the fair value model to investment property carried at fair value through subsequent periods, a special reserve of the same amount as the prior period's undistributed earnings is provided for from the current period's net profit after tax plus the amount included in the current period's undistributed earnings other than the current period's net profit after tax; if the amount is a net increase in the cumulative fair value of the prior period, a special reserve of the same amount from the undistributed earnings of the prior period shall not be distributed. If there is a subsequent decrease in the cumulative net increase in the fair value of investment property or if investment property is disposed of, the decrease may be reversed and the earnings distributed according to the circumstances of the disposal.

(ii) A special reserve of the same amount as the difference between the market value of the parent company's shares and the carrying amount of the parent company's shares at the end of the period shall not be distributed based on the percentage of the shares held. If the market price subsequently recovers, the amount may be reversed to a special reserve in proportion to the shareholding.

(iii) The difference between the net decrease in other shareholders' equity recorded in the current year and the balance of the special reserve provided for in the first-time adoption of IFRSs is added to the current period's unappropriated earnings from net income plus items other than current period's net income and the special reserve provided for in the prior period's unappropriated earnings; The amount of other shareholders' equity accumulated in prior periods is not distributable from the special reserve from prior periods' undistributed earnings. If there is a subsequent reversal in the amount of other shareholders' equity reduction, the reversed portion of the surplus may be distributed.

4. Earnings distribution

The Company has resolved by the regular shareholders meeting on June 27, 2023 the amount of stock dividends of the earnings distribution proposal of 2022. The Company has no accumulated earnings available for distribution in 2021, and the related information can be accessed through the Market Observation Post System. The dividends distributed to owners are as follows:

	2022	
	Payout ratio (NT$)	**Amount**
Dividends distributed to owners of ordinary shares:		
Stock	$ 0.2936131	24,231

The Company has resolved the amount of cash dividends, and proposed the amount of stock dividends of the earnings distribution proposal of 2023 by the board of directors on March 14, 2024. The dividends distributed to owners are as follows:

	2023	
	Payout ratio (NT$)	**Amount**
Dividends distributed to owners of ordinary shares:		
Cash	$ 0.036	3,068
Stock	0.324	27,608 (Note)
Total		$ 30,676

Note: To be resolved by the shareholders meeting. The related information can be accessed through the Market Observation Post System.

5. Other equity (net of tax)

		Equity attributable to owners of the parent company				
	Exchange differences on translation of financial statements of foreign operations	**Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income**	**Gains on revaluation**	**Subtotal**	**Non-controlling interests**	**Total**
Beginning balance at January 1, 2023	$ -	70,066	472,672	542,738	14,884	557,622
Exchange differences on translation of financial statements of foreign operations－Consolidated Company	21	21	-	21	-	21
Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income:						
Consolidated Company	-	4,005	-	4,005	33	4,038
Associates	-	21,200	-	21,200	-	21,200
Disposal of equity instruments measured at fair value through other comprehensive income by associates	-	(10,335)	-	(10,335)	-	(10,335)
Balance of December 31, 2023	$ 21	84,957	472,672	557,629	14,917	572,546

	Equity attributable to owners of the parent company				
	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Gains on revaluation	Subtotal	Non-controlling interests	Total
Beginning balance at January 1, 2022	$ 93,747	472,672	566,419	14,063	580,482
Unrealized valuation profits or losses on financial assets at fair value through other comprehensive income:					
Consolidated Company	(5,365)	-	(5,365)	821	(4,544)
Associates	(17,311)	-	(17,311)	-	(17,311)
Disposal of equity instruments measured at fair value through other comprehensive income by associates	(1,005)	-	(1,005)	-	(1,005)
Balance of December 31, 2022	**$ 70,066**	**472,672**	**542,738**	**14,884**	**557,622**

(XVIII) Share-based payment

Employee share options

On November 13, 2018, the Company's Board of Directors approved a plan to grant stock options to certain employees. The total number of stock options approved for employees under the plan is 18,000 thousand units, and 18,000, thousand units will be issued for one share of the Company's ordinary shares per unit of share option.

In November 2017, the Company established a compensation employee stock option plan and used the fair value method to estimate the compensation cost and a binary tree valuation model to estimate the fair value of the grant date stock options to give the number, performance price and vesting conditions and the information of each assumption is presented below:

Giving Day	2018.11.30
Number of Giving	18,000 thousand shares
Contract price	NT$ 5.02 per share
Vested Conditions	The cumulative percentage of stock options exercised by employees is 50%, 80% and 100% upon the expiration of 2, 3 and 4 years from the date of stock option grant, respectively.
Expected price volatility	46.35%
Risk-free interest rate	0.8215%
Expected duration	6 years

Details of the above employee share options are as follows:

	2023		2022	
	Weighted average exercise price (NT$)	**Number of share options**	**Weighted average exercise price (NT$)**	**Number of share options**
Quantity in circulation on January 1	$ 15.63	9,587,900	10.76	10,298,400
Number of executions in the period	15.61	(2,025,700)	11.49	(618,500)
Number of expired issues	-	(739,400)	-	(92,000)
Quantity in circulation on December 31	15.44	6,822,800	15.63	9,587,900
Executable quantity on December 31	15.44	6,822,800	15.63	9,587,900

As the Company implemented capitalization of earnings in 2023, the subscription price of employee stock options has been adjusted from NT$15.63 per share to NT15.44 per share.

As the Company implemented capital reduction to cover up losses in 2022, the subscription price of employee stock options has been adjusted from NT$10.76 per share to NT15.63 per share.

The compensation costs amounted to NT$0 thousand and NT$758 thousand for the years ended December 31, 2023 and 2022, respectively, resulting from the employee share option plan, which were included in operating expenses and capital surplus - employee stock options.

(XIX) Earnings per share

The calculation of basic earnings per share and diluted earnings per share is as follows:

	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	$ 51,463	85,455
Weighted-average number of ordinary shares outstanding (in thousands)	84,002	80,907
Basic earnings per share (NT$)	$ 0.61	1.06
Net income attributable to equity holders of the Company's ordinary shares	$ 51,463	85,455
Effect of dilutive potential ordinary shares:		
Convertible corporate bonds	-	450
Net income attributable to equity holders of the Company's ordinary shares (After adjusting for the effect of dilutive potential ordinary shares)	$ 51,463	85,905
Weighted-average number of ordinary shares outstanding (in thousands)	84,002	80,907
Effect of dilutive potential ordinary shares:		
Convertible corporate bonds (thousand shares)	-	1,131
Employee share options (thousand shares)	1,495	-
Employee profit-sharing compensation (thousands shares)	305	268
Weighted average number of ordinary shares outstanding (after adjusting for the effect of dilutive potential ordinary shares) (thousand shares)	85,802	82,306
Diluted earnings per share (NT$)	$ 0.60	1.04

The employee stock options issued in 2022 were potentially dilutive ordinary shares, but the average market price for the period did not exceed the exercise price of the employee share options and therefore were not dilutive.

(XX) Revenue from customer contracts

1. Breakdown of income

	2023						
	First Dyeing Business	**Long Fiber Business**	**Spinning Business**	**Construction Business**	**Investment Business**	**Other Businesses**	**Total**
Major regional markets:							
Taiwan	$ 305,044	45,136	136,717	529,456	54,145	16,184	1,086,682
Asia (Excluding Taiwan)	566,436	609,505	110,144	-	-	-	1,286,085
Other regions (less than 10%)	65,002	216,863	2,120	-	-	-	283,985
Total	**$ 936,482**	**871,504**	**248,981**	**529,456**	**54,145**	**16,184**	**2,656,752**
Main Products:							
Sales of goods	$ 936,482	871,504	248,981	-	-	16,184	2,073,151
Sales of buildings and land	-	-	-	529,456	-	-	529,456
Rental income from investment properties	-	-	-	-	54,145	-	54,145
Total	**$ 936,482**	**871,504**	**248,981**	**529,456**	**54,145**	**16,184**	**2,656,752**

	2022						
	First Dyeing Business	**Long Fiber Business**	**Spinning Business**	**Construction Business**	**Investment Business**	**Other Businesses**	**Total**
Major regional markets:							
Taiwan	$ 394,623	54,072	148,949	373,161	33,119	39,175	1,043,099
Asia (Excluding Taiwan)	602,536	559,399	33,599	-	-	-	1,195,534
Other regions (less than 10%)	27,231	213,558	4,765	-	-	-	245,554
Total	**$ 1,024,390**	**827,029**	**187,313**	**373,161**	**33,119**	**39,175**	**2,484,187**
Main Products:							
Sales of goods	$ 1,024,390	827,029	187,313	-	-	36,599	2,075,331
Sales of buildings and land	-	-	-	373,161	-	-	373,161
Rental income from investment properties	-	-	-	-	33,119	-	33,119
Other	-	-	-	-	-	2,576	2,576
Total	**$ 1,024,390**	**827,029**	**187,313**	**373,161**	**33,119**	**39,175**	**2,484,187**

2. Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 273,868	242,720	263,206
Less: Allowance for losses	(102,896)	(102,276)	(117,599)
Total	$ 170,972	140,444	145,607
Contract Liabilities - Commodities	$ 66,446	65,992	35,900
Contract Liabilities - Premises	39,798	119,326	131,215
Total	$ 106,244	185,318	167,115

Please refer to Note 6 (3) for the disclosure of notes and accounts receivable and impairment.

The beginning balances of contract liabilities as of January 1, 2023 and 2022 were recognized as revenue of NT$138,382 thousand and NT$74,904 thousand in 2023 and 2022, respectively.

The change in contract liabilities mainly arises from the difference between the point at which the Consolidated Company transfers goods or services to customers to satisfy its performance obligations and the point at which customers pay.

(XXI) Employees' and directors' remuneration

According to the Company's original Articles of Incorporation, the Company shall allocate remuneration to employees at the rate of 4% of annual profits, and to directors at the rate of no higher than 4% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' remuneration shall be distributed in stock or cash, which may include specific employees of affiliated companies who meet certain conditions. and the "conditions" and "specific employees" shall be resolved by the Board of Directors.

According to the Company's Articles of Incorporation revised by the resolution of regular shareholders meeting on June 27, 2023, the Company shall allocate remuneration to employees at the rate of no lower than 4% of annual profits, and to directors at the rate of no higher than 4% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' remuneration shall be distributed in stock or cash, which may include specific employees of affiliated companies who meet certain conditions. and the "conditions" and "specific employees" shall be resolved by the Board of Directors.

Employees' remunerations amounted to NT$4,760 thousand and NT$4,215 thousand, and directors' remuneration amounted to NT$4,760 thousand and NT$4,215 thousand for the years ended December 31, 2023 and 2022, respectively, which were accrued by the amount of net income before tax in the period before deducting employees' and directors' remunerations multiplying the distribution ratios indicated in the Company's Articles of Incorporation, and recognized as the operating costs or operating expenses in the period.

If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors resolves to pay compensation to employees in shares, the number of shares is calculated based on the closing price of the shares on the day before the Board of Directors' resolution.

The aforementioned amounts of employees' and directors' remuneration resolved by the board of directors are not different from the amounts accrued in the financial statements for the years ended December 31, 2023 and 2022. The related information can be accessed through the Market Observation Post System.

(XXII) Non-operating income and expenses

1. Other income

Other income of the Consolidated Company is as follows:

		2023	2022
Dividend income	$	538	11,675

2. Other gains and losses

Other gains and losses of the Consolidated Company are summarized as follows:

		2023	2022
Net gains (losses) on foreign currency exchange	$	(1,154)	7,055
Net gains (losses) on disposal of property, plant, and equipment		6,171	(150)
Net gains on disposal of investment properties		-	97
Net gains (losses) on valuation of financial assets at fair value through profit or loss		2,567	(2,131)
Revenue from sales of samples		7,450	8,377
Government grant revenue		7,639	99
Compensation Income		3,717	4,448
Others		4,356	11,105
	$	30,746	28,900

3. Financial Costs

The financial cost breakdown of the Consolidated Company is as follows:

		2023	2022
Interest expense - bank loans	$	80,062	70,303
Interest expense - convertible bonds		-	563
Interest expense - lease liabilities		11,144	13,273
Interest expense - other		11,290	7,511
	$	102,496	91,650

(XXIII) Financial instruments

1. Credit risk

(1) Maximum amount of credit risk exposures

The carrying amount of financial assets represents the maximum amount of credit risk.

(2) Concentration of credit risk

The Consolidated Company has a large customer base and does not concentrate its sales to a single customer. Therefore, there is no significant concentration of credit risk in accounts receivable. The Consolidated Company strictly monitors the creditworthiness of its customers and has not suffered significant credit risk losses. All sales are made to large companies with good credit ratings, while sales to smaller companies require prepayment or guarantees as necessary.

(3) Credit risk of receivables

Please refer to Notes 6 (3) and 6 (4) for information on credit risk exposures and allowance for impairment for notes receivable, accounts receivable and other receivables.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest but excluding the effect of netting agreements

	Carrying amount	Contract Cash Flow	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Variable Rate	$ 2,730,323	2,788,072	1,253,217	1,429,246	105,609	-
Fixed Rate	101,398	104,450	95,385	9,065	-	-
No interest-bearing liabilities	566,913	566,913	566,913	-	-	-
Lease Liabilities	450,064	478,371	111,472	119,248	238,231	9,420
	$ 3,848,698	**3,937,806**	**2,026,987**	**1,557,559**	**343,840**	**9,420**
December 31, 2022						
Non-derivative financial liabilities						
Variable Rate	$ 2,680,602	2,741,621	1,108,593	1,370,231	262,797	-
Fixed Rate	107,908	111,056	97,818	13,238	-	-
No interest-bearing liabilities	510,510	510,510	510,510	-	-	-
Lease liabilities	590,680	622,310	125,276	124,407	361,068	11,559
	$ 3,889,700	**3,985,497**	**1,842,197**	**1,507,876**	**623,865**	**11,559**

The Consolidated Company does not expect the timing of cash flows for the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

3. Market risk

(1) Exchange rate risk

The Consolidated Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	December 31, 2023			**December 31, 2022**		
	Foreign Currency	**Exchange rate**	**Taiwan Dollar**	**Foreign Currency**	**Exchange rate**	**Taiwan Dollar**
Financial assets						
Monetary items						
USD (thousand)	$ 7,500	30.664	229,991	5,471	30.719	168,072
Financial liabilities						
Monetary items						
USD (thousand)	4,289	30.664	131,522	2,573	30.719	79,038

(2) Sensitivity analysis

The exchange rate risk of the Consolidated Company's monetary items mainly arises from cash and cash equivalents denominated in foreign currencies, accounts receivable, loans and other payables, which result in foreign currency exchange profits and losses upon translation. As of December 31, 2023 and 2022, when the New Taiwan dollar depreciates or strengthens by 1% against the U.S. dollar, with all other factors held constant, net income after tax would decrease or increase by NT$788 thousand and NT$712 thousand in 2023 and 2022, respectively. The same basis was used for the analysis in both periods.

Information on the translation of monetary items of the Consolidated Company (both realized and unrealized) into the functional currency of the New Taiwan dollar (i.e., the presentation currency of the Consolidated Company) is as follows:

	2023	2022
	Losses on exchange	**Gains on exchange**
USD	$ (1,154)	7,055

4. Interest rate risk

   The Consolidated Company's interest rate risk on financial liabilities is described in Liquidity Risk Management in this note.

   The following sensitivity analysis is based on the interest rate risk of the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the reporting date is outstanding for the entire year. The rate of change used in the Consolidated Company's internal reporting of interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

   If interest rates had increased or decreased by 1%, the Consolidated Company's net income would have increased or decreased by NT$21,843 thousand and NT$21,445 thousand in 2023 and 2022, respectively, with all other variables held constant, primarily due to the Consolidated Company's variable-rate borrowings.

5. Other price risks

   If the prices of equity securities and funds had changed at the reporting date (the same basis was used for the analysis of both periods and other changes were assumed to remain unchanged), the effect on the comprehensive income items would have been as follows:

	2023		2022	
Price of securities and funds on the reporting date	**Other comprehensive income after tax**	**Profit or loss after tax**	**Other comprehensive income after tax**	**Profit or loss after tax**
Increase by 5%	$ 20,470	732	20,309	629
Decrease by 5%	$ (20,470)	(732)	(20,309)	(629)

6. Fair value

   (1) Types of financial instruments and fair values

   The Consolidated Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair value hierarchy information of each type of financial assets and financial liabilities, except for financial instruments not measured at fair value, whose carrying amounts are a reasonable approximation of fair value, and lease liabilities, for which disclosure of fair value information is not required, are presented below:

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 18,298	18,298	-	-	18,298
Financial assets at fair value through other comprehensive income (including current and non-current)					
Domestic and overseas listed companies' shares	$ 236,741	236,741	-	-	236,741
Domestic and overseas non-listed Companies' shares	275,020	-	-	275,020	275,020
Subtotal	$ 511,761				
Financial assets at amortized cost					
Cash and cash equivalents	$ 210,214	-	-	-	-
Notes and accounts receivable (including related parties)	170,972	-	-	-	-
Other receivables (including related parties)	7,898	-	-	-	-
Other financial assets	45,832	-	-	-	-
Guaranteed deposits paid	35,557	-	-	-	-
Subtotal	$ 470,473				
Financial liabilities at amortized cost					
Long-term and short-term bank borrowing	$ 2,730,323	-	-	-	-
Other long-term borrowings	81,398	-	-	-	-
Notes payable and accounts payable (including related parties)	397,037	-	-	-	-
Other payables (including related parties)	189,876	-	-	-	-
Lease liabilities	450,064	-	-	-	-
Subtotal	$ 3,848,698				

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 15,731	15,731	-	-	15,731
Financial assets at fair value through other comprehensive income (including current and non-current)					
Domestic and overseas listed companies' shares	$ 234,307	234,307	-	-	234,307
Domestic and overseas non-listed Companies' shares	273,417	-	-	273,417	273,417
Subtotal	$ 507,724				
Financial assets at amortized cost					
Cash and cash equivalents	$ 87,976	-	-	-	-
Notes and accounts receivable (including related parties)	140,444	-	-	-	-
Other receivables (including related parties)	21,361	-	-	-	-
Other financial assets	66,794	-	-	-	-
Guaranteed deposits paid	29,953	-	-	-	-
Subtotal	$ 346,528				
Financial liabilities at amortized cost					
Long-term and short-term bank borrowing	$ 2,680,602	-	-	-	-
Other long-term borrowings	57,908	-	-	-	-
Notes payable and accounts payable (including related parties)	327,913	-	-	-	-
Other payables (including related parties)	232,597	-	-	-	-
Lease liabilities	590,680	-	-	-	-
Subtotal	$ 3,889,700				

(2) Fair value valuation techniques for financial instruments not measured at fair value

Financial liabilities at amortized cost：

If there is any transaction or quotation information from the market maker, the most recent transaction price and quotation information are used as the basis for assessing the fair value. If no market value is available, the valuation method is used to estimate the value. The estimates and assumptions used in the valuation method were the discounted cash flows to estimate the fair value.

The liability components of the convertible bonds issued by the Consolidated Company were estimated using valuation techniques, and the estimates and assumptions used in the valuation techniques were the discounted fair values of cash flows.

(3) Fair value valuation techniques for financial instruments not measured at fair value

Non-derivative financial instruments

If there is an active market in which the financial instruments are publicly quoted, the fair value is based on the quoted prices in the active market. The market prices announced by Major Exchanges and Taipei Exchange Announcement are the basis for the fair value of listed equity instruments.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and the price represents an actual and frequent arm's length market transaction. If these conditions are not met, the market is considered inactive. In general, large bid-ask spreads, significant increases in bid-ask spreads or low trading volume are all indicators of an inactive market.

The Consolidated Company holds financial instruments with active markets, mainly domestic trust fund beneficiary certificates and TWSE/TPEx Listed share, which have standard terms and conditions and are traded in active markets. The fair value of these financial instruments is determined by reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referring to quoted prices from counter-parties. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the date of the consolidated balance sheet.

The fair values of financial instruments held by the Consolidated Company that do not have an active market are presented below by category and attribute:

- Equity instruments without quoted market prices: The fair value is estimated using market comparable companies method. The main assumptions are measured based on the ratio of the net value per share of the investee and the average net share price of the industry derived from the quoted market prices of comparable listed TWSE/TPEx Listed companies. This estimate adjusts for the effect of the lack of marketability of the equity securities at a discount.

(4) Table of changes in level 3

	Financial assets at fair value through other comprehensive income — Equity instruments without public quotation
Beginning balance at January 1, 2023	$ 273,417
Total gains	
Recognized in other comprehensive income	1,603
Balance of December 31, 2023	275,020
Beginning balance at January 1, 2022	$ 216,471
Total gains	
Recognized in other comprehensive income	56,946
Balance of December 31, 2022	$ 273,417

The above total benefit is reported in the consolidated statement of income as "Unrealized valuation profits or losses on financial assets at fair value through other comprehensive income", which are related to assets still held as of December 31, 2023 and 2022.

(5) Quantitative information on fair value measurements of significant unobservable inputs (Level 3)

The Consolidated Company's fair value measurements classified as Level 3 are mainly financial assets at fair value through other comprehensive income - investments in equity instruments.

The Consolidated Company's fair value is classified as Level 3 with only a single significant unobservable input, and the quantitative information for significant unobservable inputs is tabulated as follows:

Item	Evaluation Techniques	Significant Unobservable Input Values	Significant Unobservable Inputs and Fair Value Relationships
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Comparable to the law for TWSE/TPEx Listed Companies	˙Lack of marketability discount (30% in both December 31, 2023 and 2022)	˙The higher the discount for lack of marketability, the lower the fair value

(6) For Level 3 fair value measurements, the sensitivity of the fair value to reasonably possible alternative assumptions

The Consolidated Company's measurement of the fair value of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the effect on other comprehensive income if the evaluation parameters are changed is as follows:

	Input value	Upward or downward movements	Fair value changes are recognized in other comprehensive income: Favorable Changes	Fair value changes are recognized in other comprehensive income: Unfavorable Changes
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments without active markets	Lack of marketability discount	1.00%	$ 3,916	3,916
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments without active markets	Lack of marketability discount	1.00%	$ 3,893	3,893

Favorable and unfavorable changes in the Consolidated Company represent fluctuations in fair value, which is calculated using valuation techniques based on varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input, the above table reflects only the effect of changes in a single input and does not take into account the correlation and variability between the inputs.

(7) There was no transfer of any fair value hierarchy in 2023 and 2022.

(XXIV) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks arising from the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents the risk information of the Consolidated Company for each of the above risks, and the Consolidated Company's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

2. Risk Management Framework

The Board of Directors is solely responsible for establishing and overseeing the risk management structure of the Consolidated Company. The Chairman of the Board of Directors is responsible for developing and controlling the risk management policies of the Consolidated Company and reporting its operations to the Board of Directors on a regular basis.

The Consolidated Company's risk management policy is established to identify and analyze the risks faced by the Consolidated Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. The risk management policy is reviewed periodically to reflect changes in market conditions and the operations of the Consolidated Company. The Consolidated Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

The Consolidated Company's Board of Directors oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the appropriateness of the Consolidated Company's risk management framework related to the risks it faces. Internal auditors assist the Consolidated Company's Board of Directors in its oversight role. These officers conduct regular and exceptional reviews of risk management controls and procedures and report the results of these reviews to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss arising from the Consolidated Company's failure to meet contractual obligations with customers or counterparties to financial instruments, and arises primarily from the Consolidated Company's accounts receivable from customers and investments in securities.

(1) Accounts receivable and other receivables

The Consolidated Company's credit risk exposures are primarily affected by each customer's individual circumstances. However, management also considers the statistics of the Consolidated Company's customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk.

Construction: The Consolidated Company has established a credit policy under which the Consolidated Company is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. The review of the Consolidated Company includes, if available, external ratings and, in some cases, bank notes. Sales quotas are established on a customer-by-customer basis and are reviewed periodically. Customers who do not meet the Consolidated Company's benchmark credit rating may only transact with the Consolidated Company on a pre-revenue basis.

Construction: The Consolidated Company's customers are concentrated in the large demand group of factories. In order to reduce the credit risk of accounts receivable, the Consolidated Company requires customers' bank borrowing funds to be paid directly from their lending banks to the Consolidated Company, so that its credit risk can be effectively controlled.

The Consolidated Company maintains an allowance for doubtful accounts to reflect the estimate of losses incurred on accounts receivable and other receivables. The primary components of the allowance account consist of specific loss components related to individual significant exposures and portfolio loss components established for incurred but unidentified losses of similar asset groups. The group loss allowance account is determined based on historical payment statistics and forward-looking information for similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Consolidated Company's finance department. Since the Consolidated Company's trading objects and performance parties are financial institutions and securities companies with good credit, there is no significant performance doubt, so there is no significant credit risk.

(3) Guarantee

The Consolidated Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or companies with which it has business dealings. The Consolidated Company does not provide any endorsement guarantee for the years ended December 31, 2023 and 2022.

4. Liquidity risk

By managing and maintaining sufficient portions of cash and cash equivalents to support the Consolidated Company's operations and mitigate the impact of cash flow fluctuations. The management of the Consolidated Company supervises the use of bank financing quotas and ensures that the terms of the loan contract are followed.

Bank borrowing is an important source of liquidity for the Consolidated Company. As of December 31, 2023, and 2022, the unused credit lines of long-term and short-term bank borrowings were NT$585,188 thousand and NT$820,768 thousand, respectively.

5. Market risk

Market risk refers to the risk of changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments, affecting the Consolidated Company's earnings or the value of financial instruments held. The objective of market risk management is to control the risk of violence of market risk within the acceptable range and optimize the return on investment.

(1) Exchange rate risk

The Consolidated Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in a functional currency. The functional currency of the Consolidated Company is the New Taiwan dollar. The primary foreign currency denominated currency for these transactions is the U.S. dollar.

Interest on borrowings is denominated in the currency of the principal amount borrowed. In general, borrowings are denominated in the same currency as the cash flows from the

Consolidated Company's operations, primarily in New Taiwan dollars, but also in U.S. dollars. In such cases, economic hedges are provided without the need to enter into derivative instruments and therefore hedge accounting is not used.

With respect to other monetary assets and liabilities denominated in foreign currencies, when short-term imbalances occur, the Consolidated Company purchases or sells foreign currencies at prevailing exchange rates to ensure that net risk exposure is maintained at an acceptable level.

(2) Interest rate risk

The Consolidated Company's short-term borrowings and long-term borrowings are floating-rate debt. Therefore, changes in market interest rates will cause the interest rates of short-term borrowings and long-term borrowings to change accordingly, resulting in fluctuations in their future cash flows.

(3) Other market risks

The equity securities held by the Consolidated Company are classified as financial assets at fair value through profits and losses and financial assets at fair value through other comprehensive income, and therefore such assets are measured at fair value and therefore the Consolidated Company will be exposed to the risk of changes in the market value of equity securities.

(XXV) Capital management

It is the Board of Directors' policy to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Consolidated Company's share capital, capital surplus, retained earnings, other equity items and treasury shares and non-controlling interests.

The Consolidated Company's capital management objectives are to safeguard the ability to continue to operate in order to continue to provide shareholder compensation and other stakeholder benefits, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Company may issue new shares or sell assets to settle liabilities.

The Consolidated Company manages capital on the basis of the debt-to-capital ratio. The ratio is calculated by dividing net debt by total capital. Net liabilities are total liabilities as shown in the balance sheet less cash and cash equivalents. Total capital is the entire component of equity plus net liability.

The debt-to-capital ratios at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,396,918	4,547,034
Less: Cash and cash equivalents	210,214	87,976
Net liability	**4,186,704**	**4,459,058**
Total equity	**1,709,601**	**1,580,593**
Total capital	**$ 5,896,305**	**6,039,651**
Debt-to-capital ratio	**71.01%**	**73.83%**

The Consolidated Company's capital management in 2023 is as the same as that in 2022.

(XXVI) Investing and financing activities of non-cash transactions

The Consolidated Company acquired right-of-use assets under lease in 2023 and 2022, please refer to Note 6 (9).

The Consolidated Company's convertible bonds were converted to common stock in 2022, please refer to Note 6 (17).

The adjustment of the Consolidated Company's liabilities from financing activities is as follows:

	January 1, 2023	Cash flows	Non-cash changes: Changes in lease payments	Non-cash changes: Changes in exchange rates	Non-cash changes: Others	December 31, 2023
Short-term borrowings	$ 904,478	124,064	-	(4,598)	-	1,023,944
Notes payables	-	30,000	-	-	-	30,000
Other payables - related parties	57,000	(30,000)	-	-	-	27,000
Long-term borrowings (including current portion)	1,834,032	(46,255)	-	-	-	1,787,777
Lease liabilities	590,680	(93,674)	(63,839)	(622)	17,519	450,064
Guaranteed deposits received	230	180	-	-	-	410
Total liabilities arising from financing activities	$ 3,386,420	(15,685)	(63,839)	(5,220)	17,519	3,319,195

	January 1, 2022	Cash flows	Non-cash changes: Conversion of convertible bonds	Non-cash changes: Changes in lease payments	Non-cash changes: Changes in exchange rates	December 31, 2022
Short-term borrowings	$ 981,392	(77,166)	-	-	252	904,478
Other payables - related parties	47,000	10,000	-	-	-	57,000
Long-term borrowings (including current portion)	1,855,406	(21,374)	-	-	-	1,834,032
Bonds payables (including current portion)	25,000	-	(25,000)	-	-	-
Lease liabilities	699,368	(111,849)	-	3,161	-	590,680
Total liabilities arising from financing activities	$ 3,608,166	(200,389)	(25,000)	3,161	252	3,386,190

VII. Related party transactions

(I) Name and relationship of related parties

The related parties with whom the Consolidated Company had transactions during the period covered by the consolidated financial statements are as follows:

Name of related parties	Relationship with the Company
CHADTEX INDUSTRIAL CO., LTD. (CHADTEX INDUSTRIAL)	Associates of the Consolidated Company
MENG HUI CONSTRUCTION CO., LTD. (MENG HUI CONSTRUCTION)	Associates of the Consolidated Company
JUICY INVESTMENT CO., LTD. (JUICY INVESTMENT)	Substantive related party of the Consolidated Company
E-PLUS TECHNOLOGY CO., LTD. (E-PLUS TECHNOLOGY)	Subsidiaries of the Company (Note)
Weng, Mao-Chung	Substantive related party of the Consolidated Company
Weng, Mao-Chin	Key management personnel of the Consolidated Company
Weng, Mao-Jung	Key management personnel of the Consolidated Company
Weng, Wei-Hsiang	Key management personnel of the Consolidated Company
Chuang, Hui-Wen	Key management personnel of the Consolidated Company

Note: As the total assets and operating revenue of the subsidiary are not significant, they have not been included in the Consolidated Financial statements.

(II) Significant transactions with related parties

1. Sales of goods to related parties

The significant sales to related parties and their outstanding amounts are as follows:

	Sales of goods		Accounts receivables – related parties	
	2023	2022	December 31, 2023	December 31, 2022
Associates	$ 85	171	-	7

The prices of the Consolidated Company's sales were not significantly different from those of non-associates, except for some sales to related parties whose prices were not comparable to those of similar products.

The collection period for related parties of the Consolidated Company is 30 days from the date of the transaction and is not significantly different from that of regular sales customers. The receivables from related parties are not covered by collateral and need not be included in bad debt expenses after evaluation.

2. Purchase of products from related parties and commissioning processing

The amount of purchases and commissions of the Consolidated Company from related parties and their outstanding balances are as follows:

	Purchase and processing outsourced		Payables to related parties	
	2023	2022	December 31, 2023	December 31, 2022
Associate - CHADTEX INDUSTRIAL	$ 151,135	143,202	71,935	80,344
		Balance included in:		
		Notes payables	$ 29,110	37,735
		Accounts payables	42,825	42,609
		Total	$ 71,935	80,344

The Consolidated Company's purchase prices are not significantly different from those of non-associates, except for some of the purchase prices to related parties that are not comparable to similar products.

The Consolidated Company's payment terms for purchases from general manufacturers are 30 days for raw silk and 60 days for raw yarn, and the processing fee is 60 days for monthly settlement; the Consolidated Company's payment terms to related parties are 60 days from the date of transaction, which are not significantly different from those of general manufacturers.

The interest expense and outstanding balance of the aforementioned notes payable extended by the Consolidated Company to related parties were as follows:

	Interest expenses		Other payables – related parties	
	2023	2022	December 31, 2023	December 31, 2022
Associate - CHADTEX INDUSTRIAL	$ 1,029	1,438	-	993

3. Loans from related parties

The loans from related parties are as follows:

	Maximum balance		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Associate - CHADTEX INDUSTRIAL	$ 70,000	50,000	20,000	50,000
Other related party - JUICY INVESTMENT	45,000	-	-	-
Key management personnel of the Consolidated Company －Weng, Mao-Chung	5,500	5,500	5,500	5,500
Key management personnel of the Consolidated Company －Weng, Mao-Lung	1,500	1,500	1,500	1,500
	$ 122,000	**57,000**	**27,000**	**57,000**

The Consolidated Company’s loans from associates, other related parties, and key management personnel bear interest at 7%, 0%~3.6%, and 0% respectively, and are all unsecured.

The Consolidated Company’s interest expenses on loans from related parties and the outstanding balances are as follows:

	Interest expenses		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Associate - CHADTEX INDUSTRIAL	$ 4,027	2,802	564	1,881
Other related party - JUICY INVESTMENT	690	-	690	-
	$ 4,717	**2,802**	**1,254**	**1,881**

4. Loans to related parties

The actual usage of the Consolidated Company’s loans to related parties is as follows:

	Maximum balance		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary - E-PLUS TECHNOLOGY	**$ -**	**2,000**	**-**	**-**

The Consolidated Company’s loans to related parties bear interest at a rate of 2.37% and are unsecured loans. After evaluation, there is no need to include impairment losses.

The Consolidated Company’s interest income generated from loans to related parties and the outstanding balances are as follows:

	Interest expenses		Other payables - related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary - E-PLUS TECHNOLOGY	**$ -**	**43**	**-**	**-**

5. Contract project

   The Consolidated Company contracted the following projects to its associated company, MENG HUI CONSTRUCTION:

	December 31, 2023		
Name of construction	**Total contract price (before tax)**	**Amount charged**	**Amount not yet charged**
Kingkong Smart Park	$ 898,474	898,474	-

	December 31, 2022		
Name of construction	**Total contract price (before tax)**	**Amount charged**	**Amount not yet charged**
Kingkong Smart Park	$ 883,656	869,895	13,761

   The project cost for the construction of sample and standard plants at 31 December 2023 and 2022 are included in the inventories and net investment property. As of December 31, 2023 and 2022, the Company had outstanding payments of NT$14,634 thousand and NT$48,850 thousand, respectively, which were included in notes payables – related parties, and accounts payable - related parties, respectively.

   The construction costs charged arising from the maintenance construction of the plant in Kingkong Smart Park are recognized under inventories, which amounted to NT$825 thousand in 2023. As of December 31, 2023, the payables have been paid in full. There is no this kind of transaction in 2022.

   The Consolidated Company pays for the projects contracted to related parties in accordance with the contract and the project progress on an installment basis.

6. Lease

   The rental income received by the Consolidated Company from the lease of land and plant to related parties is as follows:

	Rental income	
	2023	**2022**
Associate - CHADTEX INDUSTRIAL	$ 47,412	26,811

   As of December 31, 2023 and 2022, the Consolidated Company had NT$0 thousand and NT$35,127 thousand of rentals collected in advance arising from the above transactions, respectively, which were included under other current liabilities.

7. Others

   (1) The outstanding balances of miscellaneous expenses, rentals, management fees, utilities, transportation costs, support staff salaries and discounts on construction costs incurred by the Consolidated Company on behalf of its related parties in connection with its operations are as follows:

	Other receivables - related parties	
	December 31, 2023	**December 31, 2022**
Associate - CHADTEX INDUSTRIAL	$ 1,430	3,929

   (2) The unsettled balances of miscellaneous expenses, rent discounts and support staff salaries and customer service payments incurred by related parties in connection with the Consolidated Company's operations are as follows:

	Other payables - related parties	
	December 31, 2023	**December 31, 2022**
Associate - CHADTEX INDUSTRIAL	$ 143	7,064

(3) The amount of cash dividends and directors' and supervisors' remunerations of the Consolidated Company are as follows:

	Other receivables - related parties	
	December 31, 2022	**December 31, 2021**
Associate - MENG HUI CONSTRUCTION	$ -	10,865

(4) The Consolidated Company's loans from financial institutions as of December 31, 2023 and 2022 are guaranteed jointly and severally by key management personnel of the Consolidated Company in accordance with the requirements of certain loan contracts. The guarantee handling fees paid to key management personnel of the Consolidated Company for the provision of joint and several guarantees amounted to NT$7,079 thousand and NT$1,440 thousand in 2023 and 2022, respectively, and have been fully paid.

(5) As of December 31, 2023 and 2022, the Consolidated Company obtained NT$0 thousand and NT$44,214 thousand, respectively, from guarantee notes of the related party, MENG HUI CONSTRUCTION, as performance guarantee for construction projects.

(6) The Consolidated Company resolved to suspend the payment of salaries to key management personnel of the Consolidated Company due to operating losses. Interest expense of NT$285 thousand was incurred in 2022 on the aforementioned unpaid salaries at the Bank of Taiwan's one-year fixed deposit rate. As of December 31, 2022, the amounts payable arising from the related interest expenses have been fully paid. There is not this kind of transaction in 2023.

(III) Key management personnel compensation

	2023	**2022**
Short-term employee benefits	$ 14,632	9,307
Post-employment benefits	56	90
Share-based payment	-	117
	$ 14,688	9,514

On December 31, 2023 and 2022, the Consolidated Company provided vehicles at a cost of NT$1,027 thousand each for the key management to use.

VIII. Pledged assets

The details of the carrying amount of the pledged assets by the Consolidated Company are as follows:

Name of assets	**Marked of pledge guarantee**	**December 31, 2023**	**December 31, 2022**
Restricted cash and bank deposits (included in other financial assets - current)	Short-term borrowings and pre-sale buildings price trust	$ 45,832	66,794
Financial assets at fair value through other comprehensive income - current	Short-term borrowings	74,398	73,725

Financial assets at fair value through other comprehensive income - non-current	Long-term borrowings (including current portion)	158,546	157,112
Investments accounted for using equity method	Purchase performance guarantee	80,582	111,388
Inventories - Buildings and land under construction and buildings and land held for sale	Short-term borrowings	239,079	567,040
Machinery equipment, transportation equipment and other equipment	Long-term borrowings (current portion)	322,614	259,387
Investment properties - Land, buildings and structures	Short-term and long-term borrowings (including current portion)	2,282,293	2,113,384
Guaranteed deposits paid	Provisional attachment by the court, and long-term borrowings (including current portion)	23,000	13,000
		$ 3,226,344	3,361,830

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. The Consolidated Company's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Contracted and unpaid project payment	$ -	13,761
Deposit guarantee notes issued for the performance of purchase transactions and industrial consulting plans	$ 104,425	89,800

2. Letters of credit opened but not used by the Consolidated Company:

	December 31, 2023	December 31, 2022
Unused letters of credit issued	$ 57,459	133,065

3. As of December 31, 2023 and 2022, the Consolidated Company entered into contracts with subscribers for the sale of standard factory buildings for a total amount of NT$213,030 thousand and NT$752,960 thousand, respectively, for the construction of the Kingkong Smart Park project, and received NT$39,798 thousand and NT$119,326 thousand, respectively, which were included in contract liabilities - current.
4. As of December 31, 2023 and 2022, the total contracted price for the equipment ordered for operation was NT$93,477 thousand and NT$85,049 thousand, respectively, with payments of NT$28,231 thousand and NT$10,910 thousand, respectively, and unaccrued amounts of NT$65,246 thousand and NT$74,139 thousand, respectively.

(II) Contingent liabilities:

In 2022, due to certain material disagreements between the Company and Good Help Advertising Co, Ltd. ("Good Help") regarding the contents of the sales commission contract and the calculation of the service fee, Good Help considered that the Company had failed to make payments under the contract and filed a lawsuit for the payment of service fee of NT$112,802 thousand and interest up to the settlement date (calculated at 5% per annum). The first trial by Tainan District Court decided against the Company on

June 30, 2023. In order to safeguard the rights and interests of the Company, the Company appealed on July 12, 2023. As of the date of the financial statements are issued, the aforesaid case is still under trial. As the Company is unable to assess possible effects, relevant service expenses charged were not accrued.

X. Major disaster losses: None

XI. Significant subsequent events: None

XII. Others

(I) The employee benefit, depreciation and amortization expense functions are summarized as follows:

Function / Nature	2023 Classified as operating costs	2023 Classified as operating expenses	2023 Total	2022 Classified as operating costs	2022 Classified as operating expenses	2022 Total
Employee benefit expenses						
Salary expenses	278,086	146,899	424,985	290,730	141,691	432,421
Labor and health insurance expenses	24,956	14,351	39,307	26,451	13,978	40,429
Pension expenses	12,016	7,282	19,298	13,272	7,090	20,362
Other employee benefit expenses	14,806	8,653	23,459	16,088	7,767	23,855
Depreciation expenses	135,790	28,250	164,040	132,592	29,115	161,707
Amortization expenses	-	-	-	-	-	-

XIII. Others disclosures

(I) Information on significant transactions

Information on significant transactions that the Consolidated Company is required to disclose in accordance with the Regulations Governing the Preparation for the year 2023 is as follows:

1. Loans to others:

Unit: NT$ thousand

No.	Name of lender	Name of borrower	Account	Related party	Maximum amount for the period	Ending balance	Actual usage	Interest rate range	Nature of lending funds	Amount of business transactions	Reasons why short-term financing is necessary	Allowance for doubtful accounts	Guarantees Name	Guarantees Value	Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
1	JETEX INVESTMENT	The Company	Other receivables	Yes	25,000	-	-	3.6%	The need for short-term financing capital	-	Operating turnover	-	None	-	74,089 (Note 1)	148,177 (Note 1)
2	CHIA HSING INVESTMENT	The Company	Other receivables	Yes	10,000	-	-	3.6%	The need for short-term financing capital	-	Operating turnover	-	None	-	10,345 (Note 2)	10,345 (Note 2)
3	I-YU INVESTMENT	The Company	Other receivables	Yes	5,000	-	-	3.6%	The need for short-term financing capital	-	Operating turnover	-	None	-	46,138 (Note 1)	92,277 (Note 1)

Note 1: According to the "Operational Procedures for Loaning of Company Funds" of JETEX INVESTMENT and I-YU INVESTMENT, the total amount loaned shall not exceed the amount of 40% of the net worth, and the amount loaned to single recipient shall not exceed the amount of 20% of the net worth, and the lending period shall not exceed one year.

Note 2: According to the "Operational Procedures for Loaning of Company Funds" of CHIA HSING INVESTMENT, the total amount loaned and the amount loaned to single recipient shall not exceed the amount of 60% of the net worth, and the lending period shall not exceed one year.

Note 3: The aforementioned net worth refers to the most recent financial statement amounts audited by the CPAs.

Note 4: The amounts have been eliminated at preparing the consolidated financial statements.

2. Endorsement for others: None.

3. Marketable securities held at end of period (excluding investment subsidiaries, associates and joint venture equity):

Notes to the consolidated financial statements of CHIA HER INDUSTRIAL CO., LTD. (Continued)

Companies held	Type and name of marketable securities	Relationship with the issuer of negotiable securities	Account	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair Value	
The Company	Shares of TAITA CHEMICAL COMPANY, LIMITED	-	Financial assets at fair value through other comprehensive income - current	1,176	19	-	19	-
〃	Shares of Shin Kong Financial Holding Co., Ltd.	-	〃	8,407,673	77,408	-	77,408	The number of pledged shares is 8,407 thousand
〃	〃	-	Financial assets at fair value through other comprehensive income - non-current	17,914,746	158,546	-	158,546	The number of pledged shares is 17,915 thousand
〃	Shares of I-HWA INDUSTRIAL CO., LTD.	-	〃	2,375	40	-	40	-
〃	Shares of EVER BRIGHT OPTOELECTRONICS CO., LTD.	-	〃	547,826	-	7.69 %	-	-
〃	Shares of Techgains Pan-Pacific Corp.	-	〃	300,000	-	0.52 %	-	-
〃	Shares of CHUNG SHING TEXTILE CO, LTD.	-	〃	32,100	-	-	-	-
〃	Shares of HONG CHUNG CONSTRUCTION CO., LTD.	-	〃	64,289	-	-	-	-
〃	Shares of Ho Chi Tong Investment Co.	-	〃	8,052	-	0.05 %	-	-
〃	Shares of P.P. CREATIVE LIFE COMPANY LIMITED	-	〃	1,000,000	-	7.87 %	-	-
JETEX INVESTMENT	Shares of Yong Cheng Environmental Tech. Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	100,000	1,000	0.10 %	1,000	-
JETEX INVESTMENT	Shares of I-HWA INDUSTRIAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - current	221,232	3,728	0.24 %	3,728	-
I-YU INVESTMENT	Shares of JETEX INVESTMENT	Other company where the chairman or president of the Company is the same person as the chairman or president of the invested company, or has a relationship of spouse or relative within the second degree	Financial assets at fair value through other comprehensive income - non-current	587,632	2,402	1.38 %	2,402	(Note)
JETEX INVESTMENT	Shares of Ho Chi Tong Investment Co.	-	〃	8,053	-	0.05 %	-	-
JETEX INVESTMENT	Shares of KWONGBO INDUSTRIAL CO., LTD.	-	〃	1,949,724	77,384	4.04 %	77,384	-
I-YU INVESTMENT				4,954,285	196,636	10.27 %	196,636	-
JETEX INVESTMENT	Shares of Everest Textile Co., Ltd.	-	Financial assets at fair value through profit or loss - current	83,754	623	0.01 %	623	-
JETEX	Shares of	-	〃	5,000	103	-	103	-

Notes to the consolidated financial statements of CHIA HER INDUSTRIAL CO., LTD. (Continued)

Companies held	Type and name of marketable securities	Relationship with the issuer of negotiable securities	Account	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair Value	
INVESTMENT	UNIVERSAL TEXTILE CO., LTD.							
JETEX INVESTMENT	Shares of Powerchip Semiconductor Manufacturing Co., Ltd.	-	〃	218	6	-	6	-
JETEX INVESTMENT	Shareholders of SHENG YU STEEL CO., LTD	-	〃	200,000	5,850	0.06 %	5,850	-
JETEX INVESTMENT	Fubon Specialty Taiwan High Dividend 30 ETF Fund	-	〃	200,000	2,756	-	2,756	-
JETEX INVESTMENT	Manulife Emerging Markets High Yield Bond Fund		〃	200,000	2,154	-	2,154	-
JETEX INVESTMENT	Mega Fortune Singapore Exchange Property Income Fund			100,000	988	-	988	-
JETEX INVESTMENT	KGI Emerging Markets ESG Sustainability Thematic Bond Fund	-	〃	300,000	2,573	-	2,573	-
JETEX INVESTMENT	Invesco 1~6-Year Organic Maturity Preferred Emerging Bond Fund	-	〃	300,000	2,992	-	2,992	-
CHIA HSING INVESTMENT	Shares of I-HWA INDUSTRIAL CO., LTD.	-	〃	15,000	253	0.02 %	253	-

Note: Eliminated in the preparation of these consolidated financial statements.

4. Cumulative purchase or sale of the same negotiable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of property amounting to at least NT$300 million or 20% of the paid-in capital:

Company acquiring property	Name of property	The date of fact	Transaction amount	Price payment situations	Trading objects	Relationship	If the trading object is a related party, the previous transfer of information				Reference basis for price determination	Purpose of acquisition and circumstances of use	Other contractual matters
							Owner	Relationship with the issuer	Transfer date	Amount			
The Company	Since the local committee construction project	September 5, 2017 March 28, 2022 and March 29, 2023	898,474 (Not taxed)	Receive payment according to the progress of the project	MENG HUI CONSTRUCTION	Investments accounted for using equity method	Not applicable	Not applicable	Not applicable	Not applicable	Chang Hsing Property Appraisers Joint Firm	Construction of Daying Factory office for sale	Handling according to contract

6. Disposal of property amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase and sale with stakeholders amounting to at least NT$100 million or 20% of the paid-in capital:

Purchase (sales) companies	Trading objects	Relationship	Transaction situation				Situation and reasons for the difference between transaction conditions and general transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
The Company	CHADTEX INDUSTRIAL	Investments accounted for using equity method	Purchase	151,135	12 %	Monthly settlement of 60 days	None	None	71,935	18 %	

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engaged in derivatives trading : None.
10. Business relationships and significant transactions between parent and subsidiary:

No. (Note 1)	Name of trader	Trading partners	Relationship with the trader (Note 2)	Trading situation			
				Item	Amount	Trading conditions	Ratio to total consolidated revenue or assets (Note 3)
0	The Company	I-GENE INTERNATIONAL	1	Operating revenue	6,688	Not yet significantly different from normal sales, with collection periods of approximately 1~5 months	0.25%
0	The Company	I-GENE INTERNATIONAL	1	Other gains and losses	3	Not yet significantly different from normal sales, with collection periods of approximately 1~5 months	-
0	The Company	I-GENE INTERNATIONAL	1	Operating costs	1,705	-	0.06%
0	The Company	I-GENE INTERNATIONAL	1	Accounts payables – related parties	6	-	-
0	The Company	I-GENE INTERNATIONAL	1	Accounts receivable - related parties	1,337	-	0.02%
0	The Company	JETEX INVESTMENT	1	LEASE income	8,665	-	0.33%
0	The Company	JETEX INVESTMENT	1	Other payables - related parties	707	-	0.01%
0	The Company	JETEX INVESTMENT	1	Interest expenses	471	-	0.02%
0	The Company	CHIA HSING INVESTMENT	1	Other payables - related parties	188	-	-
0	The Company	CHIA HSING INVESTMENT	1	Interest expenses	188	-	0.01%
0	The Company	I-YU INVESTMENT	1	Other payables - related parties	79	-	-
0	The Company	I-YU INVESTMENT	1	Interest expenses	79	-	-
0	The Company	CHIA HER MEXICO	1	Operating revenue	43,665	Not yet significantly different from normal sales, with collection periods of approximately 1~5 months	1.64%
0	The Company	CHIA HER MEXICO	1	Accounts receivable - related parties	43,665	-	0.72%
0	The Company	CHIA HER MEXICO	1	Other receivables – related parties	6,520	-	0.11%
1	I-GENE INTERNATIONAL	CHIA YUEN PROPERTY DEVELOPMENT	1	Operating revenue	4	Not yet significantly different from normal sales, with collection periods of approximately 1~5 months	-

Note 1: The filling method for the number is as follows:
1. 0 for the parent company.
2. Subsidiaries are numbered according to the company types, starting with the Arabic numeral 1.

Note 2: The types of relationship with the related parties are indicated as follows:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: The ratio of transaction amount to total consolidated revenue or total assets is calculated as the ending balance to total consolidated assets in the case of assets and liabilities, or as the accumulated amount during the period to total consolidated revenue in the case of profits and losses.

(II) Information on investees:

Information on the Consolidated Company's re-invested enterprises in fiscal 2023 are as follows (excluding Mainland China invested companies):

1. Name of invested company, location... and other related information:

Investment Company Name	Name of invested company	Location	Main business items	Original investment amount		Holding at the end of the period			Maximum shareholding in the period	Profit (loss) of invested company for the period	Investment profit (loss) recognized in the period	Remarks
				End of the period	End of last year	No. of shares	Ratio	Carrying amount				
The Company	CHIA YUEN PROPERTY DEVELOPMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Entrust construction companies to build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials	8,978	8,978	1,000,000	1.15%	1,525	1.15%	56,212	647	(Note 1)
The Company	I-GENE INTERNATIONAL	21F, No. 1-145, Zhonghua Road,	Wholesale and retail sale, trading, import and export of	11,030	11,030	2,382,350	79.41%	(3,260)	79.41%	1,021	811	(Note 1)

Notes to the consolidated financial statements of CHIA HER INDUSTRIAL CO., LTD. (Continued)

Investment Company Name	Name of invested company	Location	Main business items	Original investment amount		Holding at the end of the period			Maximum shareholding in the period	Profit (loss) of invested company for the period	Investment profit (loss) recognized in the period	Remarks
				End of the period	End of last year	No. of shares	Ratio	Carrying amount				
		Shengli Vil., Yong-Kang District, Tainan City, Taiwan	food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business.									
The Company	I-YU INVESTMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	78,678	78,678	11,738,588	57.31%	132,632	57.31%	8,915	5,109	(Note 1)
The Company	JETEX INVESTMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	604,523	604,523	41,456,745	97.47%	351,699	97.47%	31,318	30,526	(Note 1)
The Company	MENG HUI CONSTRUCTION	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Civil and construction project contracting	27,925	27,925	2,365,254	11.83%	46,030	11.83%	182,485	29,232	(Note 3)
The Company	Texcom	No.11, Gongye Rd., Guantian Dist., Tainan City 720, Taiwan	Information system integration.	-	5,000	-	-	-	100%	-	-	(Note 4)
The Company	CHADTEX INDUSTRIAL	No. 207 Sanshe, Sanshe Vil., Xinshi Dist., Tainan City	Textile, chemical Materials, property business	51,226	101,573	6,505,637	33.56%	80,582	33.56%	2,966	995	(Note 2)
The Company	Chia Her International Co., Ltd	B.V.I.	General investment	3,218 (USD 100 thousand)	-	50,000	100.00%	(18,672) (Note 5)	100%	(5,735)	(5,735)	(Note 1)
CHIA YUEN PROPERTY DEVELOPMENT	MENG HUI CONSTRUCTION	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Civil and construction project contracting	102,189	102,189	6,381,476	31.91%	121,531	31.91%	182,485	58,231	-
CHIA YUEN PROPERTY DEVELOPMENT	E-PLUS TECHNOLOGY CO., LTD.	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Electric appliance installation, fire safety equipment installation project, automatic control equipment project	14,900	14,900	1,000,000	100.00%	1,028	100%	(47)	(47)	-
CHIA HSING INVESTMENT	I-GENE INTERNATIONAL	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Wholesale and retail sale, trading, import and export of food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business.	6,755	6,755	228,530	7.62%	(313)	7.62%	1,021	78	(Note 1)
I-YU INVESTMENT	MENG HUI CONSTRUCTION	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Civil and construction project contracting	7,229	7,229	485,582	2.43%	9,886	2.43%	182,485	4,434	-
I-YU INVESTMENT	CHIA YUEN PROPERTY	21F, No. 1-145, Zhonghua	Entrust construction companies to	16,739	16,739	10,178,000	11.72%	15,541	11.72%	56,212	6,588	(Note 1)

Notes to the consolidated financial statements of CHIA HER INDUSTRIAL CO., LTD. (Continued)

Investment Company Name	Name of invested company	Location	Main business items	Original investment amount		Holding at the end of the period			Maximum shareholding in the period	Profit (loss) of invested company for the period	Investment profit (loss) recognized in the period	Remarks
				End of the period	End of last year	No. of shares	Ratio	Carrying amount				
	DEVELOPMENT	Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials									
JETEX INVESTMENT	CHIA YUEN PROPERTY DEVELOPMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Entrust construction companies to build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials	134,346	134,346	39,362,731	45.31%	60,080	45.31%	56,212	25,468	(Note 1)
JETEX INVESTMENT	I-YU INVESTMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	87,720	87,720	8,739,174	42.67%	98,431	42.67%	8,915	3,803	(Note 1)
JETEX INVESTMENT	I-GENE INTERNATIONAL	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Wholesale and retail sale, trading, import and export of food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business.	4,840	4,840	190,590	6.35%	-	6.35%	1,021	-	(Note 1)
JETEX INVESTMENT	MENG HUI CONSTRUCTION	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Civil and construction project contracting	4,243	4,243	259,167	1.30%	4,935	1.30%	182,485	2,378	-
JETEX INVESTMENT	CHIA HSING INVESTMENT	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment	22,500	22,500	49,796,000	99.99%	17,240	99.99%	(1,191)	(1,191)	(Note 1)
Chia Her International Co., Ltd	CHIA HER MEXICO	Mexico	Processing, transportation and trading, and import and export of various fiber textile, dyeing and finishing	USD 2,935.10 元	-	-	100.00%	(5,430)	100%	(5,732)	(5,732)	(Note 1)

Note 1: Eliminated in the preparation of these consolidated financial statements.
Note 2: 6,505,637 shares are provided as performance guarantee for the purchase.
Note 3: The gains on investments recognized in the current period includes NT$21,588 thousand of profit of associates recognized by percentage of ownership, and NT$7,644 thousand of realized gains from transactions with associates.
Note 4: The board of directors has resolved the dissolution and liquidation of the subsidiary in September 2022, and the liquidation procedures have been completed in August 2023.
Note 5: The amount of Chia Her International Co., Ltd has deducted the unrealized gains on sales recognized of NT$16, 177 thousand.

(III) Information on investees in Mainland China: None.
(IV) Information on major shareholders:

Unit: Shares

Shares / Names of major shareholders	No. of shares held	Shareholding ratio
HOLDING INTERNATIONAL CO., LTD	7,010,529	8.22%
Weng, Mao-Chung	5,578,717	6.54%
JUICY INVESTMENT CO., LTD.	5,334,402	6.26%

Note: (1) The information on major shareholders in this statement is based on the last business day of each quarter, and is calculated based on the total number of ordinary shares and preferred shares held by shareholders of the Company that have been delivered without physical registration (including treasury stock) of at least 5%. The number of share capital recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation of the calculations.

(2) The above information is revealed by the trustee's opening of a trust account with individual sub-accounts of the trustee if the shareholder delivers the shares to the trust. As for shareholders who hold more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus their shares held in trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider shareholdings.

XIV. Segment information

(I) General information

The Consolidated Company has six reportable divisions: the First Dyeing Business Department, the Long Fiber Business Department, the Yarn-dyed Business Department, the Construction Business Department, the Investment Business Department, and other business departments. The First Dyeing Business Department is engaged in the manufacture of various types of staple fabric products and textile dyeing and finishing, which are sold to garment manufacturers, traders and fabric merchants. The Long Fiber Business Department is engaged in the manufacture of various types of long fiber fabric products, which are sold to garment manufacturers, traders and fabric merchants. The Yarn Dyeing Business Department is engaged in the manufacture, processing and trading of cotton yarn, wool yarn and blended yarn. The Construction Business Department is engaged in the construction, leasing and sale of residential, and commercial buildings, as well as the contracting of civil engineering works. The Investment Business Department comprises investments in various production, banking, insurance, securities and cultural companies, as well as investments in the construction of commercial buildings and residential buildings. The other business departments of the Company include information software and data processing services; wholesale, retail and trading of food, textiles and various merchandises; and sales of raw silks, yarns, pigments and dyestuffs for textiles, which have not reached the quantitative threshold and are therefore aggregated and reported.

The reportable segment of the Consolidated Company is a strategic business unit to provide different products and services. As each strategic business unit requires a different technology and marketing strategy, it is managed separately.

(II) Information on reportable segment profit or loss, department assets and their measurement bases and reconciliations

The information and reconciliation of the operating departments of the Consolidated Company are as follows:

2023

	First Dyeing Business	Long Fiber Business	Spinning Business	Construction Business	Investment Business	Other Businesses	Reconciliations and eliminations	Total
External revenue	$ 936,482	871,504	248,981	529,456	54,145	16,184	-	2,656,75
Inter-segment income	4,479	45,874	-	-	8,665	1,709	(60,727)	-
Total	**$ 940,961**	**917,378**	**248,981**	**529,456**	**62,810**	**17,893**	**(60,727)**	**2,656,75**
Segment (loss) profit	**$ (96,364)**	**(92,584)**	**(33,338)**	**223,400**	**208,568**	**(9,672)**	**(66,604)**	**133,40**

2022

	First Dyeing Business	Long Fiber Business	Spinning Business	Construction Business	Investment Business	Other Businesses	Reconciliations and eliminations	Total
External revenue	$ 1,024,390	827,029	187,313	373,161	33,119	39,175	-	2,484,18
Inter-segment income	2,462	650	-	-	8,794	4,024	(15,930)	-
Total	**$ 1,026,852**	**827,679**	**187,313**	**373,161**	**41,913**	**43,199**	**(15,930)**	**2,484,18**
Segment (loss) profit	**$ (107,047)**	**(56,040)**	**(28,796)**	**101,200**	**240,300**	**(9,597)**	**(23,118)**	**116,90**

(III) Regional information

The regional information of the Consolidated Company is as follows, with revenues categorized based on the geographic location of the customer. Non-current assets are categorized based on the geographic location of the asset.

Revenue from external customers:

Region	2023	2022
Taiwan	$ 1,086,682	1,043,099
Asia (Excluding Taiwan)	1,286,085	1,195,534
Other regions (less than 10%)	283,985	245,554
	$ 2,656,752	2,484,187

Region	December 31, 2023	December 31, 2022
Taiwan	$ 3,222,889	3,167,742
Mexico	19,319	-
	$ 3,242,208	3,167,742

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, and other non-current assets, and excludes financial instruments, deferred income tax assets and assets for post-employment benefits.

(IV) Product information

The Consolidated Company's revenue information from external customers is as follows:

Product name	2023	2022
Yarn dyed fabric	$ 936,482	1,024,390
Filament fabric	871,504	827,029
Woolen yarn	210,428	121,726
Cotton yarn	38,553	65,587
Income from sales of premises	529,456	373,161
Rental income from investment properties	54,145	33,119
Other	16,184	39,175
	$ 2,656,752	2,484,187

(V) Important customer information

The Consolidated Company has no customers whose sales revenue accounted for more than 10% of the net operating income in the Statement of Comprehensive Income in 2023 and 2022.

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None

Seven. A Review and Analysis of the Company's Financial Position and Financial Performance, and A Listing of Risks

1. Financial position

Expressed in thousands of NTD

Item \ Fiscal year	Fiscal year 2022		Fiscal year 2023		Increase (decrease) amount	
	Amount	%	Amount	%	Amount	%
Current assets	2,298,772	38	2,127,921	35	(170,851)	(7.43)
Investments accounted for using the equity method	200,594	3	263,992	4	63,398	31.61
Property, plant and equipment	399,247	7	488,229	8	88,982	22.29
Investment property, net	2,197,271	36	2,320,633	38	123,362	5.61
Other assets	1,031,743	17	905,744	15	(125,999)	(12.21)
Total assets	6,127,627	100	6,106,519	100	(21,108)	(0.34)
Current liabilities	2,026,059	33	2,092,083	35	66,024	3.26
Non-current liabilities	2,520,975	41	2,304,835	37	(216,140)	(8.57)
Total liabilities	4,547,034	74	4,396,918	72	(150,116)	(3.30)
Equity attributable to owners of the parent company	1,544,251	25	1,649,293	27	105,042	6.80
Share capital	807,613	13	852,101	14	44,488	5.51
Capital surplus	110,027	2	121,383	2	11,356	10.32
Accumulated profit or loss	83,873	1	118,180	2	34,307	40.90
Other equity	542,738	9	557,629	9	14,891	2.74
Treasury shares	-	-	-	-	-	-
Non-controlling interests	36,342	1	60,308	1	23,966	65.95
Total equity	1,580,593	26	1,709,601	28	129,008	8.16

The changes above 20% and amounting to NT$ 10,000 thousand are analyzed as follows:

(1) The increase in investments accounted for using the equity method was mainly due to higher recognition of income from associates in 2023.

(2) The increase in property, plant, and equipment was primarily due to higher purchases of machinery and equipment in 2023.

(3) The increase in non-controlling interests was mainly due to higher net profit attributable to non-controlling interests in 2023.

2. Financial performance

Expressed in thousands of NTD

Item \ Fiscal year	Fiscal year 2022	Fiscal year 2023	Increase (decrease)	Rate of change
	Amount	Amount	Amount	%
Operating revenue	2,484,187	2,656,752	172,565	6.9
Operating costs	2,201,379	2,256,826	55,447	2.5
Gross profit	282,808	399,926	117,118	41.4
Operating expenses	341,188	413,655	72,467	21.2
Net operating profit (loss)	(58,380)	(13,729)	(44,651)	(76.5)
Non-operating income and expenses	175,282	147,135	(28,147)	(16.1)
Profit (loss) before income tax	116,902	133,406	16,504	14.1
Less: Income tax expense	18,266	58,005	39,739	217.6
Net income (loss) for the period	98,636	75,401	(23,235)	(23.6)
Other comprehensive income (loss) for the period (net of Income tax)	(17,036)	21,973	39,009	229.0
Total comprehensive income (loss) for the period	81,600	97,395	15,795	19.4

The changes above 20% and amounting to NT$ 10,000 thousand are analyzed as follows:

(1) The increase in gross operating profit is primarily attributable to the recognition of construction revenue for the fiscal year 2023, resulting in a corresponding rise in gross operating profit.

(2) The increase in operating expenses is primarily due to higher commissions recognized for construction revenue in fiscal year 2023.

(3) The decrease in operating loss is mainly attributed to the recognition of construction revenue in fiscal year 2023, resulting in a reduction in operating loss.

(4) The increase in income tax expense was primarily due to the increase in income tax expense related to the fair value adjustment recognition at the San She Plant.

(5) The decrease in net profit is mainly attributed to higher income tax recognition, leading to a decrease in net profit.

(6) The increase in other comprehensive income for the period is primarily due to the increase in benefits recognized through equity method for associates measured at fair value through other comprehensive income.

3. Cash flow

(I). Liquidity analysis during the past 2 fiscal years

Expressed in thousands of NTD

	2022	2023	Increase (decrease) amount	Increase (decrease) ratio
Operating activities	107,855	182,966	75,131	69.7
Investing activities	(41,974)	(77,257)	35,283	84.1
financing activities	(193,238)	16,427	209,665	108.5
Total	(127,339)	122,238	249,577	196.0

Analysis on changes in cash flow:

1. Operating Activities: The increase in net cash inflow in the fiscal year 2023 was primarily due to the increase in construction revenue for the company.
2. Investing Activities: The decrease in net cash inflow in the fiscal year 2023 was mainly attributable to the increase in investment in machinery and equipment.
3. Financing Activities: The increase in net cash outflow in the fiscal year 2023 was primarily due to the increase in bank loans.
4. Overall: The net cash inflow for the fiscal year 2023 increased by NT$249,557,000 compared to the fiscal year 2022.

(II) Analysis on cash liquidity in the future (2024)

Expressed in thousands of NTD

Opening cash balance	Estimated cash inflow for the year	Estimated cash outflow for the year	Estimated cash balance (deficit)
123,360	801,597	305,115	619,842

1. Analysis of cash flow in the next year:
   (1) Operating activities: The cash inflow from the operating activities in the whole year is expected to be NT$ 801,597 thousand.
   (2) Investing activities: This year's net outflow from disposal of investment property and newly purchased equipment is expected to be NT$68,015 thousand.
   (3) Financing activities: The cash outflow from repayment of bank loans is expected to be NT$200,000 thousand.
   (4) To sum up, the whole year's cash balance is expected to be NT$619,842 thousand.
2. Remedies for cash deficit: Inventory sales and expanding the rental income base of the San She plant site.

4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year

1. The status of use of major capital expenditures and the source of funds:
   In 2024, the "Stay in Taiwan" investment plan was approved, with a projected investment of approximately 2.2 billion in constructing a smart green energy factory at our San She plant to meet the demand for automotive materials and outdoor products.

2. Expected benefits derived therefrom:
   Upon completion by the end of 2027, it is anticipated that the facility will yield annual energy cost savings of approximately 60 million. This will further enhance our ability to collaborate with brands on ESG certification and production standards.

5. Review and analysis of the company's reinvestment policy for the most recent fiscal year

Reinvestment Analysis Table: Not applicable.

6. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report:

(1). The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Due to inflation and slow increase in fuel and electricity costs, operating costs, operating expenses and exchange losses are effectively kept under control.
2. Actively save costs and expenses.

(2). The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company did not engage any high-risk investments, highly leveraged investments, and derivatives transactions during the most recent fiscal year.
2. The Company's Operating Procedures for Loans to Other Parties, Operating Procedures for Endorsements and Guarantees, and Regulations Governing the Acquisition and Disposal of Assets have been amended in accordance with the requirements announced by the Securities and Futures Institute and deliberated and approved by the shareholders' meeting.
3. The main reasons for the profits/losses generated thereby and response measures to be taken in the future (please see Report to the Shareholders on page 1).

(3). Research and development work to be carried out in the future, and further expenditures expected for research and development work.

2024 research and development plan for short-fiber fabrics

1. JACQUARD + elastic series products
2. SORONA series
3. ORGANIC COTTON series
4. RECYCLE POLYESTER & dyeable PP series
5. COCOTEC/ BAMBOO CHARCOAL series
6. COTTON/ WOOL/ ANGORA series
7. COTTON/ SILK/SOYBEAN FIBER series
8. CHITIN series
9. TENCELL series
10. SPECIAL-SECTION POLY+WICKING OUTDOOR series
11. OUTLAST RAYON series
12. MACHINED FUNCTIONAL/COATING/BONDING series

2024 research and development plan for long-fiber fabrics

1. Materials of men’s trousers: Wool fabrics, matched functional yarn, elastic trouser materials, T/R trouser materials
2. Women’s clothes: Matched functional yarn, POLY Y/D, flat filament, elastic culottes, SILK LIKE
3. Coats: 2-LAYER, 3-LAYER, 3D-MODE, pre-dyed 3D-MODE
4. Functional yarn: BAMBOO CHARCOAL, COCOTEC, cool yarn
5. Environment-friendly yarn: BAMBOO, ORGANIC, PLA, PP, PTT
6. Curtains: BLACK OUT, wire nettings, wide curtains, roll curtains
7. SOFA: Coarse yarn fabric, tissue changes
8. Environment-friendly series: ORGANIC, RECYCLE
9. Differential shrinkage series
10. CONTRACT series
11. Fireproof series
12. CHENILLE series
13. Linen-like series

In 2024, NT$ 80 million is expected to be spent in research and development

(4). Effect on the company’s financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

(5). Effect on the company’s financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The Company has actively organized and integrated the systems for Enterprise Resource Planning (ERP), Supply Chain Management (SCM), and Customer Relationship Management (CRM).

(6). Effect on the company’s crisis management of changes in the company’s corporate image, and measures to be taken in response: None.

(7). Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(8). Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(9). Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: None.

(10). Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(11). Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(12). Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(13). Other important risks, and mitigation measures being or to be taken: None.

7. Other important matters: None.

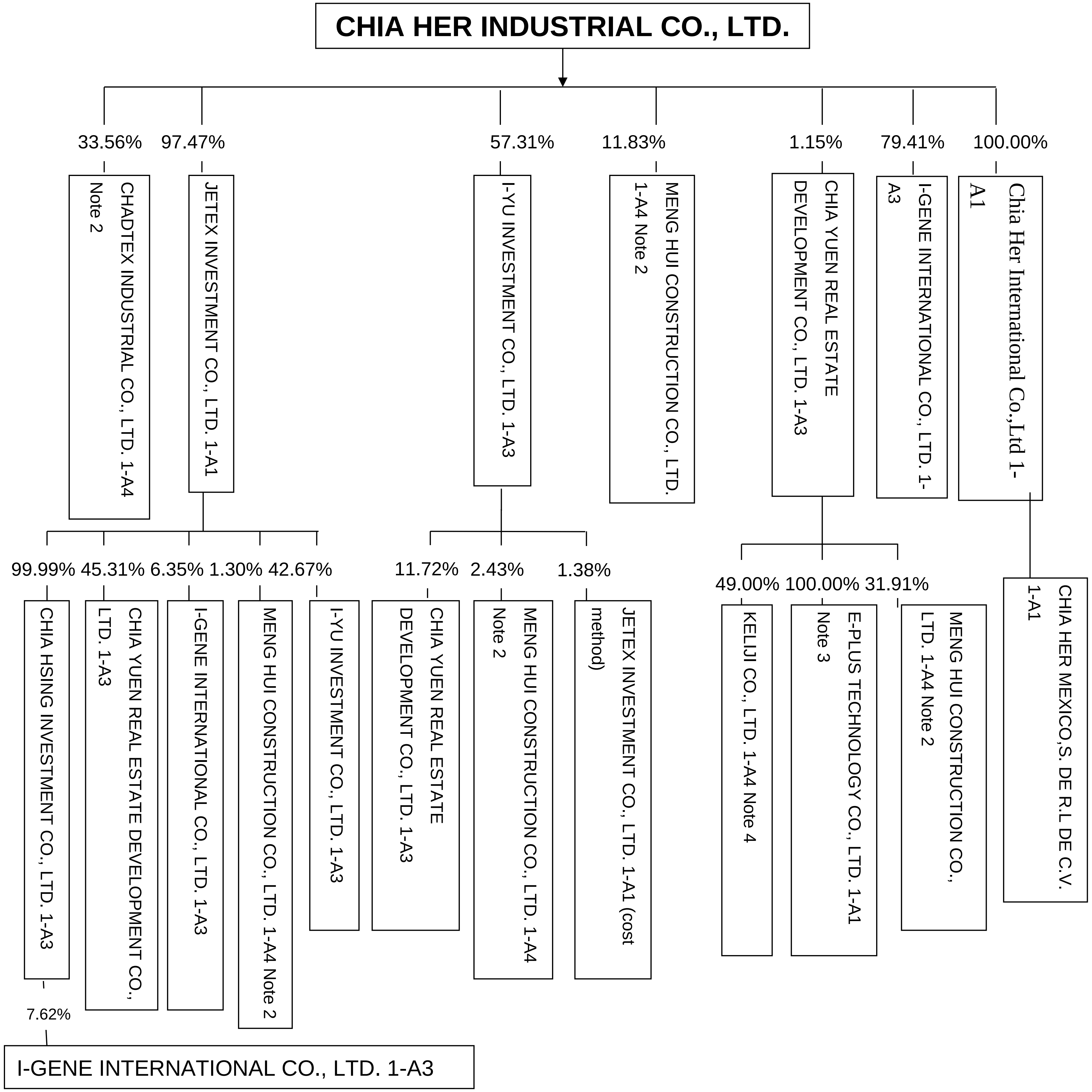
Eight. Special items to be included

1. Information related to the company's affiliates

(1). Consolidated Business Reports Covering Affiliated Enterprises

1. Organization Chart of Affiliated Enterprises (please see next page)

Organization chart of affiliates (December 31, 2023)



Note 1: 1. Shareholding control:

1-A1 Subsidiaries directly holding more than 50% of ordinary shares.

1-A2 Affiliates where subsidiaries directly hold more than 50% of ordinary shares.

1-A3 Calculated based on total common shares held by the parent company together with its affiliates and third parties. Investees holding over 50%.

1-A4 Others.

Note 2: CHADTEX and MENG HUI invests in CHIA HER by equity method.

Note 3: E-PLUS is not incorporated into the consolidated financial statements, because it accounts for an insignificant proportion of the Group.

Note 4: Keliji has fully presented its losses.

2. The basic identifying information of affiliated enterprises

Expressed in thousands of NTD

Company name	Date of incorporation	Address	Paid-in capital	Main business items
I-YU INVESTMENT CO., LTD.	July 11, 1995	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	204,820	Investment
CHIA HSING INVESTMENT CO., LTD.	May 7, 1996	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	498,000	Investment
JETEX INVESTMENT CO., LTD.	October 7, 1998	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	425,338	Investment
MENG HUI CONSTRUCTION CO., LTD.	October 7, 1986	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	200,000	Civil and construction engineering contracting
CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD.	March 13, 1993	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	868,795	Entrust construction companies to build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials
I-GENE INTERNATIONAL CO., LTD.	June 15, 1993	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	30,000	Wholesale and retail sale, trading, import and export of food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business
CHADTEX INDUSTRIAL CO., LTD.	April 16, 2014	No. 207 Sanshe, Sanshe Vil., Xinshi Dist., Tainan City	193,824	Textile, chemical Materials, real estate business
E-PLUS TECHNOLOGY CO., LTD.	October 28, 2003	21F., No. 1-145, Zhonghua Rd., Yongkang Dist., Tainan City	10,000	Electric appliance installation, fire safety equipment installation engineering, automatic control equipment engineering

3. Information on the shareholders in common for companies presumed to have a relationship of control and subordination:

Reasons for presumption (Note)	Name of entity or individual	Shares held		Date of incorporation	Address	Paid-in capital	Main business items
		No. of shares	Shareholding ratio				
None							

Note: The reasons on which the presumption of a relationship of subordination and control is based:

1. Where a majority of executive shareholders or directors in a company are contemporarily acting as executive shareholders or directors in another company; or
2. Where a majority of the total number of outstanding voting shares or the total amount of the capital stock of a company and another company are held by the same shareholders.

4. Information on the directors, supervisors, and general manager of each affiliated enterprise

Company Name	Title	Name or Representative	Shares Held	
			Shares	Ownership Percentage
CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD.	Chairman	Chia Her Industrial Co., Ltd. Weng, Mao-Chung	1,000,000	1.15%
	Managing Director	Chia Her Industrial Co., Ltd. Weng, Wei-Hsiang	1,000,000	1.15%
	Managing Director and General Manager	Chuang, Hui-Wen	1,665,191	1.92%
	Director	I-YU INVESTMENT CO., LTD. Wu, Cheng-Hsien	10,178,000	11.72%
	Director	I-YU INVESTMENT CO., LTD. Weng, Chuan-Hui	10,178,000	11.72%
	Director	I-YU INVESTMENT CO., LTD. Wu, Po-Yu	10,178,000	11.72%
	Director	I-YU INVESTMENT CO., LTD. Chen, Chih-Hsien	10,178,000	11.72%
	Director	Chen, Fu-Chuan	576,694	0.66%
	Director	Cheng Li, Ching-Hua	2,099,588	2.42%
	Supervisor	JETEX INVESTMENT CO., LTD. Weng, Mao-Lung	39,362,731	45.31%
CHIA HSING INVESTMENT CO., LTD.	Chairman	Weng, Wei-Hsiang	0	0%
	Director	JETEX INVESTMENT CO., LTD. Weng, Mao-Chin	49,796,000	99.99%
	Director	Weng, Jung-Chuan	0	0%
	Supervisor	Weng, Chuan-Hui	0	0%
I-YU INVESTMENT CO., LTD.	Chairman	Weng, Wei-Hsiang	0	0%
	Director	Weng, Mao-Chin	283	0%
	Director	Weng, Jung-Chuan	0	0%
	Supervisor	Weng, Chuan-Hui	0	0%
I-GENE INTERNATIONAL CO., LTD.	Chairman	Chia Her Industrial Co., Ltd. Weng, Mao-Chung	2,382,350	79.41%
	Director	Chia Her Industrial Co., Ltd. Weng, Mao-Chin	2,382,350	79.41%
	Director	Chia Her Industrial Co., Ltd. Weng, Chuan-Hui	2,382,350	79.41%
	Supervisor	CHIA HSING INVESTMENT CO., LTD. Weng, Mao-Jung	228,530	7.62%
JETEX INVESTMENT CO., LTD.	Chairman	Weng, Wei-Hsiang	0	0%
	Director	Chia Her Industrial Co., Ltd. Weng, Mao-Chin	41,456,745	0%
	Director	Weng, Jung-Chuan	0	0%
	Supervisor	Weng, Chuan-Hui	145	0%
MENG HUI CONSTRUCTION CO., LTD.	Chairman	Chen, Yung-Chang	2,522,977	12.61%
	Director	Chen, Shu-Chuan	948,692	4.74%
	Director	CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD. Weng, Wei-Hsiang	6,381,476	31.91%
	Director	CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD. Weng, Chuan-Hui	6,381,476	31.91%

Company Name	Title	Name or Representative	Shares Held	
			Shares	Ownership Percentage
	Director	CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD.	6,381,476	31.91%
		Chuang, Hui-Wen		
	Director	Herding International Corp.	837,736	4.19%
		Hung, Hsueh-Chu		
	Director	Wei, Kun-Hsiung	0	0%
	Supervisor	Su, Pai-Le	291,311	1.46%
	Supervisor	Chen, Shu-Lin	450,285	2.25%
CHADTEX INDUSTRIAL CO., LTD.	Chairman	DELICACY INDUSTRIAL CO., LTD.	10,672,033	55.06%
		Tsai, Chi-Hsiu		
	Director	DELICACY INDUSTRIAL CO., LTD.	10,672,033	55.06%
		Yeh, Wei-Li		
	Director	Chia Her Industrial Co., Ltd.	6,506,637	33.56%
		Weng, Wei-Hsiang		
	Supervisor	JUICY INVESTMENT CO., LTD.	1,284,248	6.63%
		Weng, Mao-Chin		
E-PLUS TECHNOLOGY CO., LTD.	Chairman	CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD.	1,000,000	100%
		Weng, Mao-Chung		
	Director	CHIA YUEN REAL ESTATE DEVELOPMENT CO., LTD.	1,000,000	100%
		Chuang, Hui-Wen		

5. An overview of operations of each affiliated enterprise as of December 31, 2023

Unit: NT$ thousand

Company name	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Profit or loss for the period	Earnings per share
						(After tax)	(NT$) (After tax)
Jetex Investment Co., Ltd.	425,338	376,285	5,842	370,443	12,265	31,318	0.74
I-Yu Investment Co., Ltd.	204,820	231,251	559	230,692	0	8,915	0.44
I-Gene International Co., Ltd.	30,000	4,704	8,809	(4,105)	9,993	1,021	0.34
Chia Her International Co.,Ltd	4,800	4,516	5,430	(914)	0	(5,735)	(11.95)
Chia Hsing Investment Co., Ltd.	498,000	17,807	565	17,242	0	(1,191)	(0.02)
Chia Yuen Real Estate Development Co., Ltd.	868,795	138,967	6,363	132,604	0	56,212	0.65
Chia Her Mexico,S. De R.L De C.V.	4606	64,677	65,591	(914)	1,471	(5,732)	(12.44)
Meng Hui Construction Co., Ltd.	200,000	732,343	295,951	436,392	1,461,625	185,485	9.27
Chadtex Industrial Co., Ltd.	193,824	371,196	131,035	240,161	158,160	29,663	0.15

(2). Consolidated Financial Statements Covering Affiliated Enterprises

Representation Letter

Considering that the companies to be included into the Consolidated Financial Statements Covering Affiliated Enterprises under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the Consolidated Financial Statements of the parent and subsidiaries under the International Financial Reporting Standards IFRS 10 in 2023 (from January 1, 2023 to December 31, 2023), and the related information to be disclosed in the Consolidated Financial Statements Covering Affiliated Enterprises has already disclosed in said Consolidated Financial Statements of the parent and subsidiaries, no Consolidated Financial Statements Covering Affiliated Enterprises were prepared separately.

It is hereby declared

Company name: Chia Her Industrial Co., Ltd.

Chairman: Weng, Wei-Hsiang

Date: March 14, 2024

(3) Reports on Affiliations: The Company is not a subordinate company of another company, the requirement for such information is not applicable.

2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

3. Holding or disposal of shares in the company by the company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

4. Other matters that require additional description: None.

5. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders’ equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

CHIA HER INDUSTRIAL CO., LTD.

Chairman: Weng, Wei-Hsiang